



**REPORT OF THE MANAGEMENT BOARD
ON THE ACTIVITY OF THE CORPORATE GROUP OF
INPRO SA
IN 2023**



GDAŃSK, 25 April 2024

Approval
of the Report of the Management Board
on the activity
of the INPRO SA Corporate Group
in 2023

This Report of the Management Board on the Activity of the INPRO SA Corporate Group in 2023 contains the Report on the Activity of the parent entity, INPRO Spółka Akcyjna.

Gdańsk, 25 April 2024

Krzysztof Maraszek President of the Management Board	Zbigniew Lewiński Vice-President of the Management Board	Marcin Stefaniak Vice-President of the Management Board	Robert Maraszek Vice-President of the Management Board

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1. Basic information

INPRO SA (the "Company," "Parent Entity") is the parent entity of the INPRO SA Group:

Table 1. Basic information on INPRO SA

Full name (business name)	INPRO Spółka Akcyjna
Registered office	80-320 Gdańsk, ul. Opata Jacka Rybińskiego 8
National Official Business Register Number (REGON)	008141071
National Official Business Register Number (NIP)	589-000-85-40
Court registration number (KRS)	0000306071
Polish Classification of Activity (PKD) 2007	4120Z – construction works relating to the erection of residential and non-residential buildings

The legal predecessor of INPRO SA, the company under the business name of Biuro Projektów i Usług Inwestycyjnych Budownictwa INPRO Spółka z o.o. with its registered office in Kartuzy, was recorded in the Commercial Register on 30 May 1987. The Company's main object was the design and preparation of construction projects.

In accordance with the provisions of the notarised deed of 8 November 1990, the Company's business name was changed to Przedsiębiorstwo Budowlane INPRO Sp. z o.o.

In 1992 the Company extended its business offer by undertaking the property development activity.

As from 1998, the Company has concentrated its activity on property development projects.

The registration of the transformation of the limited liability company into a joint stock company (still under the business name of Przedsiębiorstwo Budowlane INPRO SA) was effected by the District Court in Gdańsk, 7th Business Division of the National Court Register, on 29 May 2008 (court registration: KRS 0000306071).

The change of the Company's business name to INPRO SA was registered by the Court on 26 June 2008 under number KRS 0000306071.

On 20 December 2010 the Polish Financial Supervision Authority approved INPRO SA prospectus offering the subscription, in the public offering, of not less than and not more than 10,010,000 ordinary series B bearer shares offered by the Issuer as part of the public subscription.

On 17 February 2011 the rights to series B shares of INPRO SA were listed on the parallel market of the *Warsaw Stock Exchange*.

Series A and B shares of the Company were listed on the parallel market on 22 March 2011.

The main object of the INPRO SA Group is the construction and sale of residential and commercial real estate (the Issuer and DOMESTA Sp. z o.o.).

In addition, as at 31/12/2023, the companies within the Group are involved in the following:

- renting and managing of own real property (Hotel Mikołajki Sp. z o.o. and Dom Zdrojowy Sp. z o.o.),
- fit-out and finishing of flats (SML Sp. z o.o.),
- manufacture of precast concrete and reinforced concrete items for the civil engineering, industrial and municipal construction industry (inBet Sp. z o.o.),
- plumbing and heating systems (PI ISA Sp. z o.o.).

2. Corporate group structure

The structure of the Corporate Group and the Company's share in the share capital of subsidiaries as at 31/12/2023 is presented in the table below:

Table 2. Structure of the share capital of INPRO SA Corporate Group as at 31/12/2023

Entity	Registered office	Share in the share capital	Share capital (PLN)	Object
DOMESTA Sp. z o.o.	Gdańsk	58.33 %	3 072 000	Property development activity (popular flats)
SML Sp. z o.o.	Gdańsk	100 %	200 000	Fit-out and interior finish
inBet Sp. z o.o.	Kolbudy	80.32 %	13 790 840	Manufacture of precast concrete and reinforced concrete products
Przedsiębiorstwo Instalacyjne ISA Sp. z o.o.	Gdańsk	100 %	80 000	Plumbing and heating systems
Hotel Mikołajki Sp. z o.o.	Gdańsk	100 %	17 980 000 *	Renting and managing of own real property
Dom Zdrojowy Sp. z o.o.	Gdańsk	100 %	19 140 385	Renting and managing of own real property

* The total equity interest of INPRO SA in a subsidiary, Hotel Mikołajki Sp. z o.o., comprises, in addition to the shares specified above, returnable additional contributions (PLN 35,150 k) made in 2015.

- 1) In the twelve months of 2023 the composition of the INPRO SA Corporate Group did not change against the status as at 31/12/2022.

Attention should be paid, however, to the following event:

- a. Pursuant to resolutions Nos. 13 and 14 of 2 June 2023, the General Meeting of DOMESTA spółka z ograniczoną odpowiedzialnością increased the share capital of that company from PLN 300,800.00 by the amount of PLN 2,771,200.00 to PLN 3,072,000.00. Following the registration of event by the Court, which took place on 07/07/2023, the share capital of DOMESTA is PLN 3,072,000.00 and is divided into 384 equal and indivisible shares with the nominal value of PLN 8,000 each. As a result of the increase of the share capital of DOMESTA, the Issuer now holds 224 shares with the nominal value of PLN 8,000.00 each, totalling PLN 1,792,000.00, that is 58.33 % of the share capital of DOMESTA.

- 2) The Group did not discontinue any of the kinds of its activity.
3) Neither did the Group make significant capital deposits or investments.

Free cash is invested by the Group's entities in short-term fixed-time deposits.

3. Capital structure of INPRO SA

As at 31/12/2023 the share capital of INPRO was PLN 4,004,000.00 and was divided into 40,040,000 ordinary bearer shares of the nominal value of 10 groszes each.

Table 3. Structure of the share capital of INPRO SA as at 31/12/2023 and 25/04/2024

Shareholder	Series	Number of shares	Nominal value	Share in the capital	Number of votes	Share in votes
Krzysztof Maraszek	A	10 010 000	1 001 000	25 %	10 010 000	25 %
Zbigniew Lewiński	A	9 460 000	946 000	23.63 %	9 460 000	23.63 %
Grażyna Dąbrowska - Stefaniak	A	5 640 000	564 000	14.09 %	5 640 000	14.09 %
Nationale Nederlanden OFE	A	2 100 000	210 000	17.93 %	2 100 000	17.93 %
	B	5 077 704	507 770		5 077 704	
Shareholders holding less than 5 % of votes	A and B	7 752 296	775 230	19.35 %	7 752 296	19.35 %
		40 040 000	4 004 000	100 %	40 040 000	100 %

To the Company's best knowledge, no significant changes in the shareholding structure occurred against the status as at 31/12/2023.

In the period after 31/12/2023 and until the submission of this report, the shareholders did not advise of any change in the shareholdings in INPRO SA.

The Group's total equity as at 31/12/2023 was: PLN 494,380 k.

The total equity of INPRO SA as at 31/12/2023 was: PLN 394,287 k.

4. Situation in the industry

According to preliminary estimates from Statistics Poland, Gross Domestic Product (GDP) grew by 0.2 % y/y in 2023 compared to a 5.3 % growth in the previous year. Individual consumption decreased by 1 % (compared to a 3 % y/y increase in 2022), and domestic demand realistically decreased by 4.1 % (against a 5.2 % increase in the previous year). The average gross salary in 2023 increased by 11.9 % compared to the previous year. According to preliminary estimates by Statistics Poland, the unemployment rate at the end of December 2023 was 5.1 %. The inflation index was 6.2 % y/y in December 2023 and the average annual inflation was 11.4 %. Capital expenditure on fixed assets went up by 8 %.

Assessment of the situation in the property development trade¹

According to a report by the consulting firm, JLL, apartment sales in 2023 were significantly better than in the previous year, and even comparable to the boom period on the development market. The sales results were influenced by factors such as the drop in interest rates, the relaxation of the FSA's recommendations, and the introduction of the "2 % Safe Credit" programme. Information on the end of that government's programme and the exhaustion of the funds stimulated the demand for flats towards the end of the year.

In 2023, developers placed approximately 43,000 flats or 12 % less than in the previous year on the market in six agglomerations (Kraków, Łódź, Poznań, the Tri-City, Wrocław and Warsaw).

At the same time, 58,000 units were sold, which is approximately 65 % more than in the whole of 2022.

The number of flats on the market as at the end of December 2023 in the six agglomerations was one of the smallest within the last decade and was approximately 36,600, 26 % less than at the end of 2022.

On an annual basis, i.e. compared to the level in the fourth quarter of 2022, the prices of sold flats increased in all cities by a double-digit figure (from 14 % to nearly 22 %) The increase of average prices was noted in all quality segments, particularly in the segment of popular flats.

Apartment sales in the Tri-City in 2023 were 61 per cent higher than in 2022 (9,600 flats). The prices at the end of the year went up by 21.4 % y/y, and a total of 5,500 flats were placed on the market in the entire year (a drop by 43 %). A clear slowdown in new sales in that agglomeration enabled the market to return to the sales and demand balance.

Assessment of the situation in the hotel trade²

¹ This data is based on the report titled the Housing Market in Poland by JLL, the 4th quarter 2023, and on the company's sources.

As INPRO SA holds 100 % shares in Dom Zdrojowy Sp. z o.o. and Hotel Mikołajki Sp. z o.o., the facilities of those companies being under tenancy by a third party entity conducting the hotel activity in them, the Group's situation is dependent on the situation in the hotel industry as well.

The hotel trade can definitely count 2023 as a successful year. These positive trends are mainly due to an increase in demand, including from business customers. Challenges facing hoteliers include rising operating costs, a short booking window, and problems in attracting qualified staff.

According to information obtained from Statistics Poland's "Tourist accommodation and its use in the first six months of 2023": "In the period from January to June 2023, tourist accommodation facilities were used by 16.4 million tourists, who were provided with 40.4 million overnight stays. Compared to the same period in 2022, this was an increase of 11.7 per cent and 7.5 per cent respectively. Compared to the first six months of 2022, the occupancy rate also increased from 36.2 % to 37.8 %". As at 31 July 2023, there were 9809 tourist overnight accommodation facilities in Poland (an increase by 0.4 % against the previous year).

According to data from Statistics Poland, the number of overnight stays provided in tourist accommodation facilities in sea-side areas in July and August 2023 (compared with the same months of the previous year) decreased by 4.8 %, with a 0.6 % lower number of tourists (they stayed for a shorter time, and bookings were made shortly before arrival).

According to data from Statistics Poland's study "Use of tourist accommodation facilities in 2023", 36.2 million tourists used tourist accommodation facilities in the whole of 2023, and they were provided with 92.8 million overnight stays. Compared to 2022, this was 5.8 % and 3.2 % more respectively. The occupancy rate of all tourist accommodation establishments in 2023 was 40.5 %, the figure being 0.1 % higher than in the previous year.

Summing up 2023, hotels achieved higher key performance indicators.

According to Trends Radar, RevPAR at Polish hotels from January to October increased by more than 19 compared to that period of 2022, and was 23 per cent higher than for 10 months of 2019.

However, despite the strong performance, there are not many new hotel development projects due to high construction costs and problems in obtaining finance.

The number of tourists (Polish and foreign) staying overnight in 2023 in tourist accommodation establishments with 10 or more beds totalled 28.8 million, of which 78 % were Polish tourists.

5. Significant risk factors and threats

Risk of failure to obtain credit finance

Banks directly influence the end customer's apartment purchase capacity as the vast majority of new units are bought on credit. The banks' expansive sales policy combined with liberal restrictive credit worthiness testing has an impact on easier credit availability to prospective apartment buyers. Conversely, the banks' restrictive sales policy combined with more restrictive credit worthiness testing by financial institutions (e.g. recommendation S imposed on the banks by the Polish Financial Supervision Authority) or more conservative recommendations used by the regulators, causes the limited availability of finance which, in turn, results in the reduced number of apartments sold. Experience from the last years indicates that both the former situation, created by the banks' uncontrolled fight for the customer, which results in a rapid increase of apartment prices, and the latter, caused by the worldwide crisis, which in turn caused the banks' aversion to risk and a serious slowdown on the apartment market, are not advantageous to both the customers and developers.

Similar reactions may be observed in the case of corporate credit granted directly to the developers for projects under way. Restrictions in credit finance contribute to projects being suspended, be it at the stage of construction commencement or as early as land purchase, with the resulting drop in apartment supply. That situation may bring about sharper apartment price fluctuations and the reduction of the range of apartments on offer.

The Group has had positive financial results for many years and has a very good credit history and very good relations with financial institutions.

Risk relating to Poland's macroeconomic situation

The macroeconomic situation in Polish economy, the pace of its development and the economic situation in the region, the European Union and on the world's market have a significant influence on the construction market. The factors directly affecting the Group's financial results include: the GDP growth pace, inflation, the unemployment rate, monetary and fiscal policy of the state, level of investment of enterprises, household income level and consumer demand. Both the factors mentioned above and the direction and level of their changes influence the accomplishment of the objectives established by the Group. If in the future the pace of economic development in Poland and on other markets slackens (including as a result of war activities in the Ukraine) or instruments of shaping the economic policy of the state are used which adversely affect the Group's market position, the demand level may fall down and the Group's costs increase and, therefore, the financial results may deteriorate.

² Figures based on the following compilations: Statistics Poland ("Tourist accommodation and its use in the first six months of 2023", "Tourist seaside accommodation in July and August 2023", "The use of tourist accommodation in 2023"), articles at e-hotelarz.pl and the authors' sources.

Risk relating to the implementation of property development projects

The property development project cycle is a long-term one and characterised by considerable financial expenditure and its full return after as long as a minimum of approximately 3 years. In particular, the following events may have a significant influence on the developer's financial results: (i) the need to incur additional costs, (ii) prolonged building permit procurement procedures, (iii) postponement of the deadline for the completion of construction works (iii) delay to the procurement of an occupancy permit; (iv) delays to the completion of the documentation necessary for signing notarised deeds of sale.

Competition risk

Entities in the trade in question compete with one another, in particular in the following areas: (i) real estate location; (ii) prices of the units; (iii) structure of the offering; (iv) progress of construction; (v) the architectural layout of the units; (vi) credit on offer by the banks working with the developer. A less favourable business outlook in residential construction industry may influence the growth of competition on the property development market, which may imply the need to adjust the offer to market conditions (including price reduction), more intense implementation of projects, takeover of skilled workers and, possibly, moving the business off the Tri-City. The above factors may cause a cost increase and thus the deterioration of the Group's financial results. The Group watches and analyses the competitors' activity and makes relevant steps to minimise that risks on an ongoing basis.

Risk of concentration of the Group's property development activity on the local market

The Tri-City market is the main market in the Group's activity. Sales revenues and profits depend on the situation on that market. The lower level of investment, of household income and of consumer's demand on the Tri-City markets may have an adverse influence on the Group's financial result and development prospects. INPRO SA bought land outside the Tri-City agglomeration, namely in Olsztyn, Elbląg, Pruszcz Gdański and Rumia, in advance.

Risk relating to the lack of the possibility of acquiring a sufficient amount of land in the future

The possibility of implementation of the Group's strategy in the area of the property development activity depends, to a considerable extent, on the possibility of acquiring appropriate land necessary for the implementation of property development projects both in the Tri-City and the surroundings, as well as in other attractive locations within the Group's interest.

Land acquisition for residential development depends on the Group's efficiency of operation on one hand and on objective external factors on the other. The main external factors which may adversely influence the efficiency of land procurement by the Group include: selling price increase, competition on the real property market, the lack of local area development plans, the limited land resource with suitable infrastructure, and length procedures related to the procurement of the required decisions.

The Group is unable to guarantee that no problems will occur in the future with land acquisition for property development projects even though the Group has no problems with the acquisition of appropriate amount of land at present. Any disturbance of the acquisition process of an appropriate amount of land would slow down the Group's development in the area of residential property development projects.

Risk relating to administrative decisions

The Issuer cannot guarantee that administrative decisions (permits, permissions, licences, concessions and consents) such as a building permit, zoning approval, occupancy permit and environmental decision required in relation to property development projects will be obtained by the Group and that any existing or new decisions will not be challenged. Whilst the Issuer exercises due diligence in applying for relevant administrative decisions, the Issuer cannot guarantee that the risk of failure to obtain the above decisions or of their challenging will be eliminated. Consequently, that risk may adversely affect the Group's activity, financial situation, results or development prospects.

Competition risk in the hotel trade

The hotel trade is highly competitive market. In leisure regions, where the Group's hotels operate, new hotels are built every year. Some of them belong to global operators with a wide network of facilities of recognisable brands with efficient loyalty programmes and high marketing budgets. Hotel operators also compete with one another to obtain new franchisees at attractive locations.

Stronger competition may adversely influence the prices and occupancy level in the facilities operated by the Group and, consequently, their financial performance.

Risk related to the Issuer subsidiaries' trades

The activity of the Issuer's Corporate Group is also connected with the manufacture of precast concrete units, the manufacture and assembly of steel structures as well as plumbing and heating systems by INBET and ISA, both belonging to the Group. Given that this activity depends on the business outlook for the construction industry, particularly with regard to the property development activity, most risks are similar to those related to the Group's basic activity. It should be emphasized that the activities of INBET and ISA have a much smaller influence on the Group's financial performance than in the case of the basic property development activity.

Information on financial instruments with regard to risks and the entity's objectives and risk management methods are included in note No. 27 to the consolidated financial statements.

6. Directions of development of the INPRO SA Corporate Group

The Group intends to strengthen its solid position in the current business sectors, including first of all the property development one. INPRO as a company will focus its activity on the segment of popular standard and upper-end flats on the Tri-City market and the surroundings as well as mainly in several new locations, namely Pruszcz Gdański, Rumia, Elbląg, Olsztyn and Mikołajki. One of the strongest assets of the Company is the knowledge of the market including location preferences and other requirements of various customer groups.

The achieved market position creates an opportunity for further, dynamic development, in particular by way of implementation of projects attractive to the market.

The Company regularly places new projects on the market. INPRO SA has the bank of land bought at advantageous prices and plans to maintain the policy consisting in seeking sites with land prices permitting the most advantageous profit level. Owing to that, it will be possible to implement projects which, in view of their attractive location, architecture, quality of construction and prices, will be sold in a relatively short time. To significantly expand the bank of land for new projects, INPRO monitors the situation on the construction plot market on an ongoing basis.

Further strengthening of the "Inpro" brand as a symbol of high quality, reliability and safety is a significant element in the Group's strategy.

In relation to signing the paid tenancy agreement for the Mikołajki Hotel in Mikołajki in June 2018 and the paid tenancy agreement for the Dom Zdrojowy in Jastarnia in August 2019, the Group suspended the hotel activity and started the rental of own real property in September 2019. In consideration of the period for which the tenancy agreements have been signed (both for 10 years), the strategy of operations in that area will continue during the term of those agreements.

The Management Board of INPRO SA is of the opinion that the continuation of the Group's activity is not threatened.

7. Corporate governance statement by INPRO SA for 2023

a) Corporate governance principles followed by the Company in 2023

In accordance with the provisions of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information submitted by the issuers of securities and on the conditions for regarding information required by the law of a non-member state as equivalent, INPRO SA states that 1 January 2023 to 31 December 2023, the document to which the Company adhered was the principles of the third version of the set of corporate governance principles – Best Practice for GPW Listed Companies 2021 (DPSN2021). The new corporate governance principles were introduced by Resolution No. 13/1834/2021 of the Stock Exchange Council of 29 March 2021 (*the document is available on the official website of the Warsaw Stock Exchange at www.corp-gov.gpw.pl*).

b) The scope in which the Company departed from the set of corporate governance principles in the "Best Practice for GPW Listed Companies 2021" referred to in item a), indication of those provisions and explanations of the reason for the departure

In the period from 01/01/2023 to 31/12/2023, the Company departed from the below-mentioned provisions of the corporate governance principles in the "Best Practice for GPW Listed Companies" referred to in item a) of this statement:

1. Disclosure Policy, Investor Communications

1.3. Companies integrate ESG factors in their business strategy, including in particular:

1.3.1. environmental factors, including measures and risks relating to climate change and sustainable development;

This principle is not followed.

Company's comments: The Company does not currently have a business strategy that addresses ESG topics, including environmental issues related to climate change and sustainable development. The Company is aware, however, of the importance and relevance of adopting appropriate policies and regulations relating to this matter in its business and will take all necessary steps and efforts to make ESG issues one of the key regulations that define the directions of the business. The company aims to develop and implement these principles from 2025 onwards.

1.3.2. social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations.

This principle is not followed.

Company's comments: With regard to the matter regulated by ESG issues described in item 1.3.2, the Company indicates that it currently does not have a strategy that also covers these aspects, but the Company will also take social and employee issues into account when developing its strategy in accordance with the declaration described in item 1.3.1.

1.4. To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others:

This principle is not followed.

Company's comments: The principle is not followed to the extent required by its content. The Company ensures communication with its stakeholders regarding the adopted business strategy and posts on the Company's website information on the assumptions of its strategy, planned activities and progress in the implementation of the strategy. INPRO SA also posts an equal pay index on its website. As the Company does not currently have a strategy in the ESG area, as explained in relation to principle Z 1.3 above, the Company does not have a communication policy in this regard. However, as indicated in the justification for principle Z 1.3., the Company will expand its communication activities with stakeholders on ESG issues as soon as these principles are developed and implemented.

1.4.1. explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks;

This principle is not followed.

Company's comments: According to the justification for item 1.4 above, this principle is not followed and the company does not currently have mechanisms in place to assess and audit the impact of the Company's and Group entities' decisions on climate change issues. These issues will undoubtedly be the subject matter of the regulations in the strategy to be adopted by the Company in the future, to which the Company's justification presented for principle 1.3 above refers. Once such regulations are adopted, the Company will have an instrument to correctly identify the climate impact of its activities and will therefore be able to follow the principle discussed here.

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.

This principle is not followed.

Company's comments: The principle is not followed only with regard to the presentation of information on measures taken to eliminate possible inequalities in terms of the difference between the average monthly remuneration of men and women, the presentation of relevant risks and the time horizon in which it is planned to bring about equality. Salaries in the Company are fixed with regard to the level of education, competence and position, and are not in any way dependent on the employee's gender.

1.6. Companies participating in the WIG20, mWIG40 or sWIG80 index hold on a quarterly basis and other companies hold at least on an annual basis a meeting with investors to which they invite in particular shareholders, analysts, industry experts and the media. At such meetings, the management board of the company presents and comments on the strategy and its implementation, the financial results of the company and its group, and the key events impacting the business of the company and its group, their results and outlook. At such meetings, the management board of the company publicly provides answers and explanations to questions raised.

This principle is not followed.

Company's comments: Given the size of the Company and its shareholding structure, as well as the lack of information from investors so far on the need to hold such meetings, based on experience related to discussions (mainly remotely) with the stakeholders, industry experts, analysts, media representatives, and taking into account the content of public information concerning the Company, as well as taking into account the fact that the Company is a member of the Polish Developers' Association, which organises meetings and industry conferences with the participation of experts and the media, the Company currently does not see the need for regular meetings to be held. If the Company notes that the investors expect that activities be initiated, the Company will proceed to apply this principle.

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 %.*

This principle is not followed.

Company's comments: INPRO SA with its registered office in Gdańsk informs that it does not have and does not apply a diversity policy with regard to the management board and the supervisory board as required by the above-described principle. All personnel decisions, concerning each level of employment in the Company, are made on the basis of individual qualifications and skills of particular persons, respecting equal opportunities of each person regardless of their gender or age. In addition, the regulations in force relating to the election of members of the Company's Management Board and Supervisory Boards, which are always appointed by collegiate bodies, namely: (i) in the case of members of the Management Board, the election is carried out by the Supervisory Board, and (ii) in the case of members of the Supervisory Board, the election is carried out by the General Meeting, in the Company's opinion, are the regulations determining the correct and independent assessment of candidates with the use of objective substantive criteria regardless of the gender or age of the candidate. The current bench of the Company's governing bodies provides the diversity needed by the Company in areas such as age, field of education and expertise. The election of the members of the Company's Supervisory Board by the General Meeting on 25/06/2020 was a manifestation of the desire to ensure a balanced participation of men and women in the management and supervisory structures of INPRO SA.

- 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.*

This principle is not followed.

Company's comments: INPRO S.A. with its registered office in Gdańsk, with reference to the justification contained in relation to principle 2.1, indicates that due to the fact that it does not have a diversity policy, persons sitting on the bodies making decisions on the election of members of the company's management or supervisory boards do not apply mandatory criteria determining them to achieve the target ratio of minimum minority participation, set at a level of not less than 30 %. The company's governing bodies consisting of persons with extensive professional experience (in industry, management and legal issues), when electing the members of the management and supervisory boards, are guided primarily by the motivation to ensure that the Company receives the best possible professional level of the elected members of these bodies, taking into account, in the first instance, their specialised education, professional experience and supervisory and management qualifications. The recent elections to the Company's Supervisory Board are a manifestation of the desire to ensure a balanced proportion of men and women in the management and supervisory structures of INPRO SA.

- 2.11.6. *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: 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 2.1.*

This principle is not followed.

Company's comments: INPRO SA informs that it generally complies with the criteria described in principle 2.11. Only due to the fact that the Company does not have the diversity policy (as explained in the justification for principle 2.1.), this principle is not fully followed with regard to the requirement described in item 2.11.6 of this principle, i.e. the provision of information in the annual report on the degree of implementation of the diversity policy with regard to the management and the supervisory board, including the achievement of the objectives referred to in principle 2.1.

3. Internal Systems and Functions

- 3.1. *Listed companies maintain efficient internal control, risk management and compliance systems and an efficient internal audit function adequate to the size of the company and the type and scale of its activity; the management board is responsible for their functioning.*

This principle is not followed.

Company's comments: The Company indicates that the Management Board is responsible for the control of the Company's operating activity, including the control of the internal processes of its activity, along with risk management processes. The Company has, however, no formalised procedures, systems (instructions) or specialised units for managing internal control, risk and compliance processes. At the moment, the Management Board can see no need for the introduction of such processes unless the assessment conducted by the Supervisory Board indicates the need for doing so. The Company indicates that in view of its size and object the Company considers the current control, audit and risk management system to be sufficient. In accordance with the recommendations concerning the credibility and reliability of the financial statements, including the requirements set out in the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information submitted by the issuers of securities [...], the Company uses the control and risk management mechanisms with regard to the process of preparation of financial statements and consolidated financial statements. Financial (annual, semi-annual, separate and consolidated) statements are subject to an audit (review) by an independent statutory auditor. Irrespective of the above, the Company is assisted by an independent lawyers' firm which reviews the Company's activity subjected to the assessment by that firm for compliance with laws and regulations. The Company has an agreement with a tax consultancy office. In view of the above, in the Company's opinion, non-compliance with the above principle will not adversely affect the Company's activity and the systems described above eliminate the negative consequences, if any, of the Company's non-compliance with that principle.

- 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.*

This principle is not applicable to the Company.

Company's comments: As it was already indicated with reference to the justification for non-compliance with principle 3.1, the Company, due to its size, has no separate units involved in risk management, internal audit and compliance, which is why the above principle in its literal sense is not followed. The Company indicates, however, that among the practices used by it at the moment, which are described in the justification for non-compliance with principle 3.1 above, the Finance Director (Chief Accountant) is directly responsible before the President of the Management Board. Moreover, the directors of various divisions at the Company report directly to the members of the Company's Management Board, too. External entities providing advisory services, including legal consultancy, and entities conducting audits have constant and direct contact with the Company's Management Board. The Company has no mechanisms forbidding the submission of reports directly to the Supervisory Board. In this state of affairs, in the Company's opinion, the current organisational structure ensures the correct information flow and supervision over the activity of various persons as part of the activities described above.

- 3.3. *Companies participating in the WIG20, mWIG40 or sWIG80 index appoint an internal auditor to head the internal audit function in compliance with generally accepted international standards for the professional practice of internal auditing. In other companies which do not appoint an internal auditor who meets such requirements, the audit committee (or the supervisory board if it performs the functions of the audit committee) assesses on an annual basis whether such person should be appointed.*

This principle is followed.

Company's comments: The Company explains that this principle is and will be followed with the proviso that the Company is not a member of the WIG20, mWIG40 or sWIG80 index and is therefore not required to appoint an internal auditor, but that the Audit Committee will annually assess whether there is a need to appoint such a person.

- 3.4. *The remuneration of persons responsible for risk and compliance management and of the head of internal audit should depend on the performance of delegated tasks rather than short-term results of the company.*

This principle is not followed.

Company's comments: As indicated in the justification for principles 3.1 and 3.2, the Company does not have separate positions for risk management and compliance, and therefore the remuneration of persons who, in accordance with the explanations to principle 3.2, handle these issues is not separately fixed within the Company. However, the members of the Management Board and Supervisory Board are subject to the Company's Remuneration Policy for the members of the Management Board and Supervisory Board, while other persons who are involved in such activities are paid in a manner appropriate to their responsibilities in accordance with the Company's Remuneration Rules. However, such remuneration is not dependent on the Company's short-term performance.

- 3.5. *Persons responsible for risk and compliance management report directly to the president or other member of the management board.*

This principle is not followed.

Company's comments: As indicated in the justification for principles 3.1. and 3.2., the Company does not have separate positions for risk management and compliance and thus the employment structure does not always allow for direct subordination of persons handling these issues under the authority of the members of the Management Board, although this condition is fulfilled as far as the position of Chief Accountant is concerned.

- 3.6. *The head of internal audit reports organisationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee.*

This principle is not followed.

Company's comments: As indicated in the justification for principles 3.1. and 3.2., the Company does not have separate positions for risk management and compliance.

- 3.7. *Principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks.*

This principle is not applicable to the Company.

Company's comments: Within the INPRO Group, there are no entities which are material to the activity of Inpro SA.

- 3.8. *The person responsible for internal audit or the management board if such function is not performed separately in the company reports to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle 3.1 and tables a relevant report.*

This principle is not followed.

Company's comments: The principle is not followed in its literal wording, which refers explicitly to the assessment of how effective the systems and functions are as referred to in principle 3.1. In the Company, however, the Management Board provides the Supervisory Board with an assessment of the efficiency of the mechanisms specified in the Company's justification for principle 3.1. and thus such assessments and reports are made, but not directly in relation to the spectrum of systems and functions described in principle 3.1.

- 3.9. *The supervisory board monitors the efficiency of the systems and functions referred to in principle 3.1 among others on the basis of reports provided periodically by the persons responsible for the functions and the company's management board, and makes annual assessment of the efficiency of such systems and functions according to principle 2.11.3. Where the company has an audit committee, the audit committee monitors the efficiency of the systems and functions referred to in principle 3.1, which however does not release the supervisory board from the annual assessment of the efficiency of such systems and functions.*

This principle is not followed.

Company's comments: The principle is not followed in its literal wording, which refers explicitly to the assessment of how effective the systems and functions are as referred to in principle 3.1. However, the Supervisory Board and the Audit Committee monitor the control, audit, risk assessment and compliance mechanisms and processes in place within the Company, which are described in more detail as to their substance in the justification for principle 3.1.

- 3.10. *Companies participating in the WIG20, mWIG40 or sWIG80 index have the internal audit function reviewed at least once every five years by an independent auditor appointed with the participation of the audit committee.*

This principle is not applicable to the Company.

Company's comments: The Company does not participate in the WIG20, mWIG40 or sWIG80 index at the moment.

4. General Meeting and Shareholder Relations

- 4.1. *Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.*

This principle is not followed.

Company's comments: The above principle is not applicable due to the shareholding structure and size of the Company. The Company has not yet received requests from the shareholders to hold meetings in this form, which, given the current shareholding structure, means that the possible provision of adequate tools and systems for remote voting will be at a cost disproportionate to the actual demand. However, the Company will consider the option to follow this principle if this form of holding general meetings is requested by shareholders.

4.3. *Companies provide a public real-life broadcast of the general meeting.*

This principle is not followed.

Company's comments: Due to the shareholding structure and size of the Company, it does not currently use this type of transmission.

4.11. *Members of the management board and members of the supervisory board participate in a general meeting, at the location of the meeting or via means of bilateral real-time electronic communication, as necessary to speak on matters discussed by the general meeting and answer questions asked at the general meeting. The management board presents to participants of an annual general meeting the financial results of the company and other relevant information, including non-financial information, contained in the financial statements to be approved by the general meeting. The management board presents key events of the last financial year, compares presented data with previous years, and presents the degree of implementation of the plans for the last year.*

This principle is followed.

Company's comments: Principle 4.11. is followed with the proviso that the members of the Management Board and Supervisory Board attend the general meeting in person. However, the Company does not rule out the introduction in the future of technical solutions enabling members of the Supervisory Board and the Management Board to participate in general assemblies by means of bilateral electronic communication.

5. Conflict of Interest, Related Party Transactions

5.6. *If a related party transaction requires the consent of the general meeting, the supervisory board issues an opinion on the rationale of such transaction. In that case, the supervisory board assesses whether to ask a prior opinion of a third party referred to in principle 5.5.*

This principle is not followed.

Company's comments: This principle is not followed due to the fact that the current regulations of the Company's Statutes do not stipulate the need for the General Meeting to give its consent to the conclusion of a transaction with a related party. Instead, consent to such a transaction is conditional on a resolution of the Supervisory Board.

5.7. *If a decision concerning the company's significant transaction with a related party is made by the general meeting, the company should give all shareholders access to information necessary to assess the impact of the transaction on the interest of the company before the decision is made, including an opinion of the supervisory board referred to in principle 5.6.*

This principle is not followed.

Company's comments: This principle is not followed due to the fact that the current regulations of the Company's Statutes do not stipulate the need for the General Meeting to give its consent to the conclusion of a transaction with a related party. Instead, consent to such a transaction is conditional on a resolution of the Supervisory Board. If, in future, the Company's Statutes or generally applicable laws require the General Meeting to give its consent in this respect, the provisions of principle 5.7 will be followed by the Company.

6. Remuneration

6.2. *Incentive schemes should be constructed in a way necessary among others to tie the level of remuneration of members of the company's management board and key managers to the actual long-term standing of the company measured by its financial and non-financial results as well as long-term shareholder value creation, sustainable development and the company's stability.*

This principle is followed.

Company's comments: The Company indicates that this principle is followed, but the Company does not have any incentive schemes at the moment. The remuneration principles for the Company's employees are set out in the company's Remuneration Rules. The remuneration of the members of the Management Board and the Supervisory Board is fixed by the Supervisory Board and the General Meeting, respectively, on the basis of the remuneration policy document in force in the company, which for the variable components of the remuneration of the Management Board provides for the linking of the option to grant these components under the conditions provided for by principle 6.2.

- 6.3. *If companies' incentive schemes include a stock option programme for managers, the implementation of the stock option programme should depend on the beneficiaries' achievement, over a period of at least three years, of pre-defined, realistic financial and non-financial targets and sustainable development goals adequate to the company, and the share price or option exercise price for the beneficiaries cannot differ from the value of the shares at the time when such programme was approved.*

This principle is followed.

Company's comments: The Company indicates that this principle is followed, but the Company does not have any incentive schemes, including a stock option programme for managers, at the moment. If incentive schemes are introduced, including the stock option for managers, such schemes will be structured on the basis of the principle above, as well as on the principle described in item 6.2. above.

- 6.5. *The level of remuneration of supervisory board members should not depend on the company's short-term results.*

This principle is followed.

Company's comments: The Company indicates that this principle is followed. Remuneration of the members of the Supervisory Board is determined by the General Meeting on the basis of the Remuneration Policy for the Members of the Management Board and Supervisory Board of INPRO SA effective in the Company. The document provides for the remuneration of the members of the Supervisory Board and the Audit Committee in fixed monthly rates, the amount of which is not related to and dependent on the short-term results of the company.

Moreover, the Company indicates that the statements regarding the application of the principles set out by the "Best Practice for GPW Listed Companies 2021" were published, in conformity with the applicable principles, at the Company's web site.

c) Description of the main features of internal control and risk management systems in the Company's enterprise with regard to the process of preparation of financial statements and consolidated financial statements

In accordance with the recommendations concerning the credibility and reliability of the financial statements, including the requirements set out in the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information submitted by the issuers of securities [...], the Company uses the following control and risk management mechanisms with regard to the process of preparation of financial statements and consolidated financial statements:

- The Company's Management Board is responsible for the correct preparation of separate and consolidated financial statements. That is the governing body approving the Company's financial documentation. Materials for the statements are prepared by the Company's organisational unit, the Finance and Accounting Department. That department is involved in, among other things, accounting, the Company's reporting, drafting the Group's consolidated statements, financial analysis, controlling, and budget preparation. Those tasks are within the powers of various employees of the Finance and Accounting Department. The Department is managed by the Chief Accountant who is also the Finance Director.
- Internal control with regard to accounting documentation is exercised in the following way: invoices are reviewed at the Company's various departments from the activity of which those costs arise (material control), by the Finance and Accounting Department (formal and accounting control) and by the Chief Accountant (payment approval). Invoices are also reviewed by the Company's Management Board/proxies. At the Company, there is also a position for the material control of agreements entered into by the Company.
- A budget and programme broken down by months, both updated on an ongoing basis, are prepared by the Production Preparation Department for each property development project pursued by the Company. A site manager on a given project provides the Finance and Accounting Department and the Management Board on a monthly basis with a report containing the value of the works performed at the site in a given month divided into the scope of the works, with information on the progress of various items and of the entire project.
- Every month, the Company's Sales Department prepares a report containing the number and value of agreements concluded and terminated with the buyers of the units. The Sales Director makes a

programme showing the planned receipt of advances in relation to the purchase of units and the number of units delivered to customers in a given month for the purposes of various projects.

- Based on the above-mentioned programmes (production and sales), annual financial plans broken down to various projects are prepared. The financial plan is approved by the Management Board. The plan is reviewed and updated on an ongoing basis (including from the point of view of monthly reports from the Production and Sales Departments) in the course of the year.
- The Company prepares separate and consolidated financial statements in conformity with the International Financial Reporting Standards ("IFRS") approved by the European Union, the Accounting Act of 29 September 1994, the Regulation of the Minister of Finance of 25 September 2009 on the detailed rules for the preparation of consolidated financial statements of groups by entities other than banks, insurance companies and reinsurance companies and with the Commercial Companies Code. The Company also has the Accounting Policy containing, among other things:
 - The definition of the financial year and reporting periods comprised in it,
 - The definition of the method of keeping the books of accounts (the chart of accounts, the list of the books of accounts, the description of the data processing system),
 - The definition of the system used for the protection of data and its sets, including accounting vouchers, the books of accounts and other documents forming the basis for making entries in those books.
- The Company's accounts are kept with the help of the Comarch ERP Optima accounting programme. Access to the data in the programme is available to the specified persons. That software is used for book keeping, making analyses, schedules, financial statements etc. The data obtained owing to the accounting software is analysed every month and then, based on those analyses, decisions in the risk management process are made.
- All financial statements (annual, semi-annual, separate and consolidated) are subject to an audit (review) by an independent statutory auditor.

d) Indication of shareholders holding directly or indirectly large packages of shares, the identification of the number of shares held by those entities, their percentage in the share capital, the number of votes following from those shares and the percentage of votes in the total number of votes at a general meeting

Table 4. Shareholding structure of the Parent Entity as at 31/12/2023.

Shareholder	Series	Number of shares	Nominal value	Share in the capital	Number of votes	Share in votes
Krzysztof Maraszek	A	10 010 000	1 001 000	25 %	10 010 000	25 %
Zbigniew Lewiński	A	9 460 000	946 000	23.63 %	9 460 000	23.63 %
Grażyna Dąbrowska - Stefaniak	A	5 640 000	564 000	14.09 %	5 640 000	14.09 %
Nationale Nederlanden OFE	A	2 100 000	210 000	17.93 %	2 100 000	17.93 %
	B	5 077 704	507 770		5 077 704	
Shareholders holding less than 5 % of votes	A and B	7 752 296	775 230	19.35 %	7 752 296	19.35 %
		40 040 000	4 004 000	100 %	40 040 000	100 %

To the Company's best knowledge, no significant changes in the shareholding structure occurred against the status as at 31/12/2023.

In the period after 31/12/2023 and until the submission of this report, the shareholders did not advise of any change in the shareholdings in INPRO SA.

e) Holders of securities with special control powers

There are no statutory or contractual provisions allowing special control powers to the holders of securities.

f) Restrictions as to the voting right, such as the restriction in the exercise of the voting right by the holders of a specific part or number of votes, time restrictions concerning the exercise of the voting right or provisions under which, with the Company's cooperation, rights to equity relating to securities are segregated from holding those securities

There are no statutory restrictions in the above regard. The Issuer is not aware of any restrictions with regard to the exercise of a voting right or of any provisions in conformity with which, with the Company's cooperation, the rights to equity under the securities are segregated from holding of securities.

g) Restrictions as to the transfer of the ownership right to the Company's securities

There were no restrictions in that regard in 2023.

h) Rules of appointment and dismissal of managers and their powers, in particular the right to take a decision on the issue or repurchase of shares

In conformity with the Company's Statutes, the Company's Management Board consists of one to five members appointed for the common term of office of five years. The term of office shall be calculated in full accounting years. In the case of the Management Board consisting of one person, the only Member of the Management Board shall fulfil the function of the President of the Management Board. If the Management Board consists of more than one person, it includes the President and Vice-Presidents or members of the Management Board depending on the resolution by the Supervisory Board. The Members of the Management Board shall be appointed and dismissed by the Supervisory Board; dismissal may, however, take place for important reasons only. The mandates of the Members of the Management Board shall expire on the day of holding a General Meeting approving the financial statements for the last full financial year of the function of the Member of the Management Board being fulfilled.

The following shall be authorised to make statements on behalf of the Company:

- 1) In the case of the Management Board consisting of one person – the President of the Management Board,
- 2) in the case of the Management Board consisting of more than one person – two Members of the Management Board acting jointly or a Member of the Management Board acting jointly with a proxy.

At the Company, one person is also appointed with the joint (combined) power of proxy with a member of the Management Board or with another proxy (should one be appointed).

In conformity with the By-laws of the Management Board, that body is authorised to adopt resolutions on matters not reserved for the General Meeting and the Supervisory Board, in particular to:

- 1) contract obligations and dispose of rights;
- 2) prepare proposals regarding development and investment trends for submission to the Supervisory Board for approval;
- 3) make an annual report, the balance sheet and income statement;
- 4) make and accept on behalf of the Company the statements of will on property matters in compliance with the provisions of the Company's Statutes and mandatory provisions of law;
- 5) approve candidacies for managerial positions and for the members of Supervisory Boards of subsidiaries and related entities;
- 6) enter into and termination of contracts of employment with the Company's employees and fix their remuneration, following approval by an appropriate committee of the Supervisory Board;
- 7) give opinions on and approve internal by-laws;
- 8) give opinions on proposals concerning the creation or liquidation of branch offices and on participation in other companies;
- 9) prepare relevant documents and draft resolutions proposed to be adopted by the Supervisory Board and the General Meeting;
- 10) fix the agenda of a session of the General Meeting;
- 11) establish and cancel the power of procurator and powers of attorney in conformity with the provisions of the Commercial Companies Code, the Civil Code and of the Company's Statutes;
- 12) approve the organisational by-laws of the Company;
- 13) prepare draft by-laws of the Management Board.

The by-laws provide for the following two reservations regarding the power of the Management Board to contract obligations and dispose of rights:

- The acquisition, transfer and encumbrance of real estate by the Management Board require consent from the Supervisory Board if the value of real estate or encumbrance thereon exceeds 40,000,000.00 zlotys.
- Before the Company concludes a significant agreement with a related entity and with a shareholder holding at least 5 % of the total number of votes in the Company, the Management Board is obliged to ask the Supervisory Board for approval of that agreement. The foregoing obligation does not apply to typical transactions and transactions at arm's-length made as part of the Company's operating activities between the Company and the members of its Corporate Group.

The Management Board is not empowered to take a decision on the issue or repurchase of the shares.

The remaining rules concerning the procedure for the activity of the Management Board are set out in its by-laws available from the Company's website.

The rules specified above are binding on both 31 December 2023 and as at the date of making this statement.

i) Description of the rules concerning the amendment to the Company's Statutes

An amendment to the Company's Statutes requires a resolution of the General Meeting and an entry in the register. An amendment to the Statutes is submitted to the registration court by the Company's Management Board. The General Meeting may authorise the Supervisory Board to establish the consolidated text of the

amended Statutes of the Company or to introduce other amendments, of an editorial character, as specified in the resolution of the Meeting. Amendments to the Company's Statutes are binding upon registration in the register of entrepreneurs.

The rules specified above are binding on both 31 December 2023 and as at the date of making this statement.

j) The way of operation of the General Meeting and its basic powers, and the description of the shareholders' rights and the way of their exercise, in particular the rules following from the by-laws of the General Meeting if adopted, unless relevant information follows directly from the provisions of law

The rules for the convocation and activity of the General Meeting of the Company are set out in the Commercial Companies Code, the Company's Statutes and the By-laws of the General Meeting (the full title: The By-Laws of the General Meeting of INPRO Spółka Akcyjna with its registered office in Gdańsk).

In conformity with the Company's Statutes, the General Meeting shall hold its sessions as an ordinary or extraordinary meeting. The Ordinary General Meeting shall be held within six months of the end of each financial year. The General Meeting shall be held in a locality which is the Company's registered office. The General Meeting may also be held in a locality which is the registered office of a company running a stock exchange at which the Company's shares are traded. The detailed procedure for the activity of the General Meeting, and the rules for its sessions and adoption of resolutions are set out in the By-Laws of the General Meeting (available from the Company's website).

The powers of the General Meeting shall include, in particular:

- 1) Consideration and approval of the report of the Management on the Company's activity and of the financial statements for the previous financial year,
- 2) Acknowledgement of the fulfilment of duties by the members of the Management Board and Supervisory Board,
- 3) Division of profit or the determination of the ways of financing the losses,
- 4) Decisions concerning the claims for redress of damage occasioned upon the Company's formation, administration or supervision,
- 5) Amendment to the Company's Statutes,
- 6) Transfer and leasing of an enterprise or its organised part and establishing a limited right in property on them,
- 7) Issue of convertible bonds or with the priority right or the issue of subscription warrants,
- 8) Acquisition of treasury shares in the case specified in Article 362 § 1 item 2 of the Commercial Companies Code, and giving the power to acquire those shares in the case specified in Article 362 § 1 item 8 of the Commercial Companies Code,
- 9) Merger, division, transformation, dissolution and liquidation of the Company,
- 10) Appointment and dismissal of the members of the Supervisory Board and fixing their remuneration in accordance with the remuneration policy effective at the Company and subject to the relevant binding regulations on public offering and the conditions governing the introduction of financial instruments into the organised trading system, and on public companies.
- 11) Approval of the by-laws of the Supervisory Board,
- 12) Making other decisions referred to in the regulations,
- 13) Adoption, in a resolution carried not less frequently than every four years, the remuneration policy for the members of the Management Board and Supervisory Board, which policy is referred to in the relevant regulations on public offering and the conditions governing the introduction of financial instruments into the organised trading system, and on public companies.

The resolutions of the General Meeting shall be adopted by the absolute majority of votes, no matter the number of shares represented at the Meeting, unless the provisions of law provide otherwise.

The Company's Management Board shall fix the place and date of the General Meeting to enable the greatest possible number of shareholders to participate in the sessions. The programme of work in the organisation of General Assemblies shall be planned in such a way that the obligations before the shareholders are properly complied with and they have the opportunity to exercise their rights.

The Company's shareholders shall exercise their rights in a way and within the limits set out by the universally binding provisions of law, the Company's Statutes and the By-Laws of the General Meeting.

A Shareholder who is a natural person may participate in the General Meeting and exercise the voting right personally or through an attorney in fact. The power of attorney shall specify the number of shares under which the attorney in fact exercises the voting right.

A Shareholder who is a legal person or a non-corporate organisational unit may participate in the General Meeting through a person authorised to make statements of will on behalf of such a Shareholder or through an attorney in fact. To demonstrate the right to represent a legal person or a non-corporate organisational unit at the General Meeting, one shall produce an up-to-date extract from a relevant register, in the original or a copy certified by a notary, legal advisor or solicitor.

The power of attorney shall be given in writing or in the electronic form. If the authenticity or validity of a document confirming the power to appear at the General Meeting gives rise to the doubts of the Company's Management Board (during the preparation of the list of shareholders or the draft of the list of attendance) or of the Chairperson of the General Meeting, they may order that the document be checked from that point of view.

The rules specified above are binding on both 31 December 2023 and as at the date of making this statement.

k) Personal composition and changes during the last financial year, and the description of operation of managing and supervising bodies and their committees

Status as at 31/12/2023:

The Management Board

The bench as at 31/12/2023:

Krzysztof Maraszek	- President of the Management Board
Zbigniew Lewiński	- Vice-President of the Management Board
Robert Maraszek	- Vice-President of the Management Board
Marcin Stefaniak	- Vice-President of the Management Board

The governing body's activity:

The rules for appointment and dismissal of the members of the Management Board and its powers were described in item h) of this Statement.

The Management Board shall manage the Company's affairs and represent it outside, i.e. exercise all powers with regard to the Company's management except the powers reserved for the other governing bodies by the provisions of law, the Company's Statutes or other regulations in force at the Company.

The resolutions of the Management Board shall be adopted by the majority of votes; if the number of votes is equal, the President of the Management Board shall have the casting vote. For the resolutions of the Management Board to be valid, all its members must be informed about the session and the presence of a minimum of 3/4 of its members at the session is required.

The Management Board may, without consent from the General Meeting and Supervisory Board, perform acts consisting in the acquisition by the Company, the transfer by it and encumbrance with limited rights in property the Company's real estate or the right of perpetual usufruct of land. In conformity with the Statutes, the Supervisory Board must, however, give consent to the performance by the Management Board of those acts if the value of real estate or that right or an encumbrance on it exceeds PLN 40,000,000.00.

Moreover, The Supervisory Board must give approval of the conclusion by the Company's Management Board of a significant agreement with a shareholder holding at least 5 % (five per cent) of the total number of votes in the company or with a related entity. The foregoing obligation does not apply to typical transactions and transactions at arm's-length made as part of the Company's operating activities between the Company and the members of its Corporate Group.

The detailed procedure for the activity of the Management Board is set out in its by-laws available from the Company's website.

The rules specified above are binding on both 31 December 2023 and as at the date of making this statement.

The Supervisory Board:

The bench as at 31/12/2023:

Jerzy Glanc	- Chairperson of the Supervisory Board
Krzysztof Gąsak	- Deputy Chairperson of the Supervisory Board
Łukasz Maraszek	- Secretary of the Supervisory Board
Beata Krzyżagórska-Żurek	- Independent Member of the Supervisory Board
Mariusz Linda	- Independent Member of the Supervisory Board
Szymon Lewiński	- Member of the Supervisory Board
Wojciech Stefaniak	- Member of the Supervisory Board

The Supervisory Board's activity:

The Supervisory Board shall consist of five to seven members elected by the General Meeting for the common term of office lasting 3 years. The mandate of a Member of the Supervisory Board shall expire on the day of holding a General Meeting approving the financial statements for the last full financial year of the function of the Member of the Supervisory Board being fulfilled at the latest. Moreover, the mandate expires as a result of the death or resignation of the member of the Board.

In conformity with clause 2 item 2 of the Company's Statutes, in the event that the membership in the Supervising Personnel expires as a result of resignation or due to ill-fated reasons, the Supervisory Board may elect a new member, who shall perform his or her activities until election by the nearest General Meeting. The Supervisory Board shall adopt resolutions by the absolute majority of votes. If the number of votes is equal, the Chairperson shall have the casting vote.

The Supervisory Board shall adopt resolutions if at least one half of its members are present, and all members were invited.

The Supervisory Board session shall be convened as required, but not less frequently than once in each quarter of the financial year.

The Supervisory Board shall exercise permanent supervision over the Company's activity in all its areas in conformity with the Company's Statutes, the Commercial Companies Code and other legal acts. Permanent supervision over the Company's activity shall consist in conducting the owners' supervision; in particular, as part of the performance of these duties, the Supervisory Board shall:

- a) evaluate financial statements and reports of the Management Board of the Company's activity with regard to their conformity with the books and documents, as well as the actual state of affairs, and proposals of the Management Board concerning the division of profits or the of losses and submit to the General Meeting an annual written report on the results of such evaluation,
- b) approve the by-laws of the Company's Management Board,
- c) conclude agreements with the members of the Company's Management Board, fix the remuneration of the President and Members of the Management Board in accordance with the Remuneration Policy effective at the Company and subject to the relevant regulations on public offering and the conditions governing the introduction of financial instruments into the organised trading system, and on public companies, and exercise other rights in relation to the Members of the Company's Management Board following from the employment relationship or regulations and within the powers of the Supervisory Board,
- d) suspend various or all members of the Management Board in their activities for important reasons, and delegate the members of the Supervisory Board to perform on a temporary basis the activities of the Members of the Management Board who are unable to perform their activities,
- e) express consent to the payment of advances towards the forecast dividend,
- f) express consent to the performance by the Management Board of activities consisting in the acquisition, transfer and encumbrance of real estate or the perpetual usufruct right if the value of such real estate or right or an encumbrance on it exceeds PLN 40,000,000.00 (forty million zlotys), or whose encumbrance exceeds PLN 40,000,000.00 (forty million zlotys),
- g) once a year, make and present to the Ordinary General Meeting a concise assessment of the Company's situation, taking into account the assessment of internal control, risk management systems, compliance and of the internal audit function (if separate) or the need to separate the audit function from the organisation point of view,
- h) once a year, make and present to the Ordinary General Meeting the assessment of the work of the Supervisory Board and a report of its activity in accordance with the scope following from the current regulations and Best Practice for GPW Listed Companies, as well as the assessment of the way of preparation or submission by the Management Board to the Supervisory Board of information, documents, reports or explanations requested in the manner laid down in § 10 para. 8 of the Statutes,
- i) once a year, make and present to the Ordinary General Meeting the assessment of the Company's compliance with the disclosure obligations concerning compliance with the corporate governance rules defined in the Stock Exchange Rules and in the regulations on current and periodic information submitted by the issuers of securities, as well as information on the rationality of the pursuance of sponsoring, charity and similar policies or information that the Company does not pursue such policies,
- j) once a year, consider and give an opinion on matters which are to be the objects of the resolutions of the General Meeting,
- k) adopt the By-Laws of the Audit Committee,
- l) *each year, prepare the Remuneration Report presenting the comprehensive review of the remuneration, including all the benefits irrespective of their form, received by the various members of the Management Board and Supervisory Board or remuneration due to the various members of the Management Board and Supervisory Board in the last financial year, pursuant to the Company's Remuneration Policy for the members of the Management Board and Supervisory Board,*
- m) on the basis of the authorisation and within the limits previously set by the General Meeting, specify the elements of the Company's remuneration policy for the members of the Management Board and Supervisory Board, as allowed by the relevant regulations on public offering and the conditions governing the introduction of financial instruments into the organised trading system, and on public companies,
- n) exercise other powers prescribed by the binding regulations, including the provisions of the Commercial Companies Code, other acts and the Company's internal regulations,
- o) adopt the Company's diversity policy in relation to the Management Board and Supervisory Board.

The powers of the Supervisory Board shall also include approval of the conclusion by the Company's Management Board of a significant agreement with a shareholder holding at least 5 % (five per cent) of the total number of votes in the company or with a related entity. The foregoing obligation does not apply to typical transactions and transactions at arm's-length made as part of the Company's operating activities between the Company and the members of its Corporate Group.

At least two members of the Supervisory Board must be independent of the Company and entities related to it.

The Supervisory Board shall elect a statutory auditor conducting an audit of the Company's financial statements.

The detailed procedure for the activity of the Supervisory Board is set out in its by-laws available from the Company's website.

The rules specified above are binding on both 31 December 2023 and as at the date of making this statement.

Audit Committee

The bench as at 31/12/2023:

Beata Krzyżagórska-Żurek	- Chairperson of the Audit Committee, Independent Member
Jerzy Glanc	- Member of the Audit Committee
Mariusz Linda	- Independent Member of the Audit Committee

The various members of the Audit Committee appointed as above meet the criteria provided for in the Act of 11 May 2017 on statutory auditors, audit companies and public supervision ((Journal of Laws of the Republic of Poland 2023.1015, the consolidated text as amended).

In 2023, the Audit Committee member with the knowledge and skills in accounting or auditing was Mr Mariusz Linda.

Mr Mariusz Linda meets the statutory criteria for independence and has the knowledge and skills in accounting and auditing (he graduated from the Gdańsk University of Technology, Faculty: Management and Economics, the Finance Department, and held the position of CFO at several commercial law companies, as well as that of the Deputy Corporate Clients Director at PKO BP SA. He completed many courses including he obtained the accounting expert's certificate issued by the Polish Association of Accountants in 2016).

Pursuant to §2 para. 4 of the By-Laws of the Audit Committee, the condition regarding the Audit Committee members' knowledge and skills in the trade in which the Company operates shall be considered fulfilled if at least one member of the Audit Committee has a professional title of engineer in a trade in which the Company operates or has fulfilled the function of a member of the Management Board for at least five years or has been a member of a supervisory body in companies operating in that trade for at least eight years. The wording of this provision of the By-Laws of the Audit Committee matches Article 129 para. 5 of the Act on statutory auditors.

By virtue of their education and professional experience, as well as the functions they have held to date, all members of the Audit Committee fulfil the conditions described above. In addition, Mr Jerzy Glanc has been a member of the Supervisory Board of INPRO SA for thirteen years.

Ms Beata Krzyżagórska-Żurek meets the statutory criteria for independence.

The By-Laws of the Audit Committee are available at www.inpro.com.pl in the Investor Relations tab.

Audit Committee's activity

The Audit Committee is a permanent committee of the Company's Supervisory Board and has the consultation and advisory function for the Supervisory Board. The Audit Committee shall operate, in particular, on the basis of: The Act of 11 May 2017 on statutory auditors, audit firms and public supervision, the Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, Best Practice for GPW Listed Companies and the By-Laws of the Audit Committee. The Audit Committee shall consist of at least three members.

The work of the Audit Committee shall be managed by its chairperson.

As regards the rules of operation of the Audit Committee, the By-Laws stipulate that its sessions shall take place at least every six months on dates fixed by the chairperson of the Audit Committee. Additional sessions of the Committee may be convened by its Chairperson upon initiative of a member of the Audit Committee or another member of the Supervisory Board, and upon request from the Management Board or an internal or external auditor.

The tasks of the Audit Committee shall include in particular:

- a) monitoring the financial reporting process at the Company and Corporate Group,
- b) monitoring the efficiency of internal control, risk management and internal audit systems, including financial reporting,
- c) monitoring of financial revision, in particular of the audit conducted by the audit firm,
- d) monitoring the Company's relations with related entities,
- e) relevant cooperation with statutory auditors,
- f) submission of the recommendations aiming at the assurance of the reliability of the Company's financial reporting process,

- g) monitoring of the independence and objectivity of the statutory auditor and the entity authorised to audit financial statements;
- h) control of the nature and scope of any other services ordered from the selected statutory auditor.

The Audit Committee held 2 sessions in 2023.

Pursuant to the Act on statutory auditors, audit firms and public supervision and the Regulation No 537/2014 of the European Parliament on specific requirements regarding statutory audit of public-interest entities, the Audit Committee endorsed INPRO SA Policy and procedure regarding the selection of the entity authorised to conduct a statutory audit of the financial statements and the Policy on the provision of additional services by the audit company, an entity associated with the audit firm or by a member of its network. Pursuant to the provisions of those documents, the entity authorised to audit financial statements shall be selected by the Supervisory Board on the basis of the recommendations from the Audit Committee. The Policy sets out the auditor selection criteria and the selection process, for which the Finance Director is responsible.

The policy concerning the selection of the entity authorised to audit financial statements is based on the following main assumptions:

- a) the price offered by the entity authorised to conduct the audit;
- b) the possibility of providing the full scope of services specified by INPRO SA (the audit of separate and consolidated financial statements, reviews etc.);
- c) previous experience of that entity in the audit of the statements of entities with the operation profile similar to that of the INPRO SA Corporate Group;
- d) previous experience of that entity in the audit of the statements of public-interest entities;
- e) professional skills and experience of the persons directly involved in the audit at the INPRO Group;
- f) number of persons available for the audit at INPRO group companies;
- g) availability of skilled specialists in issues special for financial statements, such as the analysis of tax issues and public and private partnership projects;
- h) ensuring the audit in conformity with the International Financial Auditing and Attestation Standards and compliance with International Quality Control Standard 1;
- i) the possibility of conducting the audit on dates specified by INPRO SA;
- j) the reputation on financial markets of the entity authorised to audit;
- k) confirmation of the independence of the e. as early as at the selection stage; such confirmation shall concern both INPRO SA and the INPRO Corporate Group.

The policy implemented at INPRO SA concerning the provision of additional services by the audit firm, an entity related to the audit firm or a member of its network, is based on the assumption that neither the statutory auditor, audit firm conducting the statutory audit of INPRO SA and the INPRO Corporate Group, nor the entity related to the audit firm and none of the members of its network, to which the statutory auditor or audit firm belongs, provide any prohibited services, directly or indirectly, to the Company and related companies, which are not the audit of the financial statements or the financial revision activities. The prohibited services are not the services identified in Article 136 para. 2 of the Act. The provision of the services mentioned above is only possible to the extent not related to the tax policy of INPRO SA, following the assessment of the risks to independence and safeguards, upon consent from the Audit Committee. The Audit Committee issues relevant criteria concerning the services as applicable.

Any services provided by the audit firm or related entities require a previous assessment of the risks to independence and safeguards, and consent from the Audit Committee.

The audit firm MOORE Polska Audyt Sp. z o.o. (formerly operating as MOORE REWIT Audyt Sp. z o.o. and REWIT Księgowi i Biegli Rewidenci Sp. z o.o.) as well as other related companies, did not perform any services in 2023 other than the audit and review of the financial statements (including the assessment of the annual remuneration report of the Management Board and Supervisory Board and the audit of the compliance of the financial statements in accordance with the requirements of the ESEF).

The Company has already used the services of Moore Polska Audyt Sp. z o.o. with regard to the audit and review of the financial statements for 2019, 2020, 2021 and 2022.

The selection of the audit company in 2021 (the audit for the years 2021-2023) and in 2023 (the audit for the years 2024-2025) was made in an appropriate process, pursuant to the procedure adopted by the Audit Committee.

I) Description of the diversity policy applied to the Issuer's administration, managing and supervising bodies

On the basis of principle No. 2.1 in fine of the "Best Practice for GPW Listed Companies 2021," INPRO SA with its registered office in Gdańsk informs that it does not have or follow the diversity policy in relation to the Company's governing bodies: the Management Board and Supervisory Board, as required by the principle described above. The Company explains that whilst the principle allowing for a diversity policy with regard to the Company's governing bodies and its key managers, in particular with regard to conditions such as gender, education, age, professional experience, and the goals of the diversity policy is not followed at the moment, all decisions concerning staff at each level at the Company are based on individual skills and qualifications of various persons, with respect for equal chances of each person no matter his/her age or gender. Moreover, current regulations related to the election of the members of the Company's governing bodies, always appointed by collegiate bodies, that is: (i) in the case of members of the Management Board, the election is carried out by the Supervisory Board, and (ii) in the case of members of the Supervisory Board, the election is carried out by the General Meeting, in the Company's opinion, are the regulations determining the correct and independent assessment of candidates with the use of objective substantive criteria regardless of the gender or

age of the candidate. The current bench of the Company's governing bodies provides the diversity needed by the Company in areas such as age, field of education and expertise. Managerial staff is selected and hired by the Management Board on the basis of the substantive election rules specified above, based on the person's skills and qualifications. The election of the Company's Supervisory Board by the General Meeting on 25/06/2020 was a manifestation of the desire to ensure a balanced participation of men and women in the management and supervisory structures of INPRO SA.

8. Consolidated financial statements and principles for their preparation

Rules for preparation of financial statements

Both the consolidated and separate financial statements were prepared on the assumption that the Group companies will continue as the going concern in the foreseeable future. As at the date of approval of these financial statements, no circumstances indicating a threat to the Group companies to continue as a going concern are found.

The annual consolidated financial statements were prepared in conformity with the International Financial Reporting Standards ("IFRS") approved by the European Union.

While the Parent Entity prepares the financial statements in conformity with the International Financial Reporting Standards ("IFRS") endorsed by the European Union, the remaining Group entities keep their accounting books in conformity with the principles commonly applied and practices followed by Polish enterprises – in conformity with the Accounting Act of 29 September 1994, the Regulation of the Minister of Finance of 25 September 2009 on the detailed rules for the preparation of consolidated financial statements of corporate groups by entities other than banks, insurance companies and reinsurance companies and in conformity with the Commercial Companies Code.

Companies comprised by consolidation

The following companies were comprised by direct consolidation with INPRO SA for the period from 01/01/2023 to 31/12/2023:

- | | |
|---|--|
| 1) inBet Sp. z o.o. | – by means of the full consolidation method, |
| 2) Dom Zdrojowy Sp. z o.o. | – by means of the full consolidation method, |
| 3) DOMESTA Sp. z o.o. | – by means of the full consolidation method, |
| 4) Hotel Mikołajki Sp. z o.o. | – by means of the full consolidation method, |
| 5) Przedsiębiorstwo Instalacyjne ISA Sp. z o.o. | – by means of the full consolidation method, |
| 6) SML Sp. z o.o. | – by means of the full consolidation method. |

Statement of the Group's total income

In 2023 the INPRO SA Corporate Group achieved sales revenues of approximately PLN 306.8 m, i.e. 14 % less than in the previous year. Net profitability was slightly below 14 %, compared to 18 % in the year before. Net profit for 2023 decreased by 33 % against 2022 to the level of PLN 42.9 m. The Group's financial results for 2023 are lower than the results of the previous year due to, for example, the number and type of projects completed in the financial year, the number of units delivered to customers having been smaller by 19 %. The drop in proceeds from the property development activity was accompanied by a decrease of proceeds from the manufacture of precast products (lower prices and smaller foreign demand). The hotel property rental segment noted a slight increase in the revenues.

Despite inflation, the total level of selling and administrative expenses increased by only an approximate figure of 3 %, owing to the actions taken by the Management Board to reduce that group of the costs. At the level of financing activities, a decrease of the level of financial costs by 28 % is noticeable.

Consolidated statement of the financial position

In the period presented, the level of non-current and current assets in the balance sheet total changed insignificantly; the total level of cash at both companies' and escrow accounts went up, and the inventories increased as well). In the non-current assets, the increase in investment property took place as DOMESTA Sp. z o.o. placed its second office building (for rental to third parties) in service.

Within the structure of equity and liabilities, the share of equity in the balance sheet total has not changed against the previous year. In turn, the share of fixed capital in the balance sheet total decrease from 78 % to 75 %. In the group of liabilities, a considerable drop was noted under deferred income tax provision. A lower deferred income tax provision was created in relation to tax payable in 2024 on income from the sales of units delivered in 2023 on the basis of a delivery and acceptance report. The level of credit, loans and bonds payable increased (by 6 %) and the level of short-term trade liabilities went up as well (by 17 %) – higher apartment sales (within the meaning of executed property development agreements) resulted in a higher level of advances made towards the purchase of units.

The most significant item among short-term assets is inventory (land with construction expenditure on projects under way); in terms of short-term liabilities, those are trade and other liabilities (advances paid towards the purchase of units).

Key ratios characterising the financial and economic position of the INPRO SA Corporate Group in 2023 and 2022 are presented below.

Table 5. Ratios characterising the financial position of the INPRO SA Group for 2023 and 2022

Ratio	Calculation method	2023	2022
Net profitability	Net profit (loss) * 100 % / Sales revenues	14 %	18 %
Return on sales	Gross profit (loss) on sales * 100 % / Sales revenues	34 %	37 %
Net return on assets (ROA)	Net profit (loss) * 100 % / Total assets	5 %	9 %
Return on equity (ROE)	Net profit (loss) * 100 % / Equity	9 %	14 %
Current liquidity	Current assets / Short-term liabilities	3.18	3.62
Cash to liability ratio	(Current assets – inventory) / Short-term liabilities	0,49	0.51
Trade receivables turnover in days	Final state of trade receivables * 360 / Sales revenues	21	11
Trade liabilities turnover in days	Final state of trade liabilities * 360 / Cost of sales	57	68
Inventory turnover in days	Final state of inventory * 360 / Cost of sales	948	811
Asset structure	Non-current assets * 100 % / Current assets	25 %	27 %
Asset financing structure	Equity * 100 % / Total assets	62 %	62 %
Sustainability of financing	(Equity + long-term liabilities) / Total assets	75 %	78 %
Net debt ratio	(Financial debt – cash and cash equivalents – without funds at housing escrow accounts) / Equity	23 %	21 %

The Group's financial situation described above is confirmed in the ratio analysis. As it follows from the figures presented for 2023, profitability ratios decreased against 2022. Receivables and inventory turnover ratios increased, and the liability turnover ratio dropped down. The financing structure ratios are similar to those for the previous year. Current and quick liquidity is at a safe level. The net debt ratio recognising funds at escrow accounts was 17 %.

9. Separate financial statements

Statement of total income

In 2023, INPRO SA achieved sales revenues of approximately PLN 150.5 m, i.e. 22 % less than in the previous year, with a decrease of net profitability (from 23 % to 16 %). The lower level revenue level is mainly due to the deadline for completion of the RYTM and Apartments in Mikołajki projects being put off to 2024 (because of problems with subcontractors).

The total level of selling and administrative expenses dropped down by approximately 5 %. This rather low level of overheads in 2023 is owing to the Company's policy of reducing the costs not directly related to production.

Financial revenues went down by 22 % as a result of the fact that in 2022 this item covered the partial return to INPRO SA of additional contributions to capital from the Dom Zdrojowy company, which did not take place in the reporting period. The level of financial costs dropped down as well (by 19 %).

Statement of the financial position

In the period presented, the level of non-current and current assets in the balance sheet total remained practically unchanged. The levels of cash and funds at escrow accounts decreased, while inventory went up. The greatest change was noted in trade receivables – an increase by 60 % (advances towards the purchase of land and towards other suppliers).

In the structure of equity and liabilities, however, in relation to 2022, the share of equity in the balance sheet total decreased (from 72 % to 70 %). The share of fixed capital in the balance sheet total decreased from 84 % to 77 %. Among the liabilities, a drop was noted in the deferred income tax provision – in relation to the postponement of the deadline for completion of some projects to 2024, the provision was not dissolved in relation to tax payable in 2024 on the profit from the sale of units delivered in 2023 on the basis of a delivery and acceptance report.

In the period under review, the debt in relation to loans and credit increased (mainly due to the financing of the cost of construction of new property development projects). The level of short-term trade and other liabilities increased, too (a greater number of projects in progress, a higher level of advances made towards the purchase of units).

The most significant item among short-term assets is inventory (land with construction expenditure on projects under way); in terms of short-term liabilities, those are trade and other liabilities (advances paid towards the purchase of units).

Key ratios characterising the financial and economic position of INPRO SA in 2023 and 2022 have been presented below.

Table 6. Ratios characterising the financial position of INPRO SA for 2023 and 2022

Ratio	Calculation method	2023	2022
Net profitability	Net profit (loss) * 100 % / Sales revenues	16 %	23 %
Return on sales	Gross profit (loss) on sales * 100 % / Sales revenues	26 %	33 %
Net return on assets (ROA)	Net profit (loss) * 100 % / Total assets	4 %	8 %
Return on equity (ROE)	Net profit (loss) * 100 % / Equity	6 %	11 %
Current liquidity	Current assets / Short-term liabilities	3.58	4.86
Cash to liability ratio	(Current assets – inventory) / Short-term liabilities	0.41	0.57
Trade receivables turnover in days	Final state of trade receivables * 360 / Sales revenues	33	11
Trade liabilities turnover in days	Final state of trade liabilities * 360 / Cost of sales	71	63
Inventory turnover in days	Final state of inventory * 360 / Cost of sales	1321	1030
Asset structure	Non-current assets * 100 % / Current assets	24 %	26 %
Asset financing structure	Equity * 100 % / Total assets	70 %	72 %
Sustainability of financing	(Equity + long-term liabilities) / Total assets	77 %	84 %
Net debt ratio	(Financial debt – cash and cash equivalents – without funds at housing escrow accounts) / Equity	16 %	11 %

As it follows from all the figures presented, all the turnover ratios became higher in 2023 against 2022. The financing structure indices are slightly lower. Current and quick liquidity is at a safe level. All profitability ratios decreased. The net debt ratio recognising funds at escrow accounts is 11 %.

10. Events with significant influence on activity and financial results

Key factors influencing financial performance in 2023:

- The Group sold the total of 863 flats and houses net (in the meaning of concluded preliminary sale agreements net i.e. with the resignations taken into consideration under reservation agreements, preliminary sale agreements concerning completed projects, agreements with entities other than customers who are natural persons, and agreements concerning commercial units, including INPRO SA with 540 units. That result is considerably better than in the previous year (2022: the Group: 420 units – an increase by 105 %, INPRO SA: 239 units – an increase by 126 %). The gross value of flats sold by the Group in the period under review was approximately PLN 479 m, which was higher by 96 % than the value achieved in 2022.
- in relation to the specific nature of the property development cycle, the revenues from operations are posted after approximately 2-3 years from the start of a property development project, following receipt of the occupancy permit and delivery of the units to the buyers. During the entire 2023, INPRO SA placed the following projects in service: one multi-family building at the Optima VI estate (32 units), two buildings at the Koncept II estate (88 units). In turn, DOMESTA Sp. z o.o. completed the works at the Leszczynowy Park estate, building 2 (50 units), #Na Swoim, building 1 (72 units), and Urzeka, buildings 1 and 2 (105 units), as well as office building A of the Matarnia Office Park. In total, the construction of 347 units and single-family houses was completed, including INPRO with 120 units (in 2022, the construction of 932 units was completed, including 658 units by INPRO). The number of flats delivered to the buyers in the reporting period is lower than in the previous year as 577 units/houses were delivered (a 19 % decrease against 2022). In relation to that, the revenues generated in 2023 are lower than those in 2022 (a drop by 14 %).
- An important factor most strongly affecting the demand on the property development market in the first months of the previous year was a high level of interest rates and the stringent recommendations of the Polish Financial Supervision Authority reducing the mortgage credit capacity of prospective buyers. In the second half of 2023, interest rates dropped down, and demand for flats from customers buying them for cash was strongly supported by demand from customers buying flats on credit, particularly those who wanted to take advantage of the "Safe 2 % Credit" programme which became effective in July 2023. In the experts' opinion, the growth of the market demand in 2023 was

stimulated by, first of all, the concern about price rises and the shrinking offer, and by the willingness to use preferential financing conditions available in the central government's programme.

- The demand for residential units in 2023 increased considerably compared to the previous year, but the difficult situation of developers in 2022, particularly the fact that some projects were put on hold due to low demand, affected the construction companies' sector. A significant proportion of construction companies faced liquidity problems in 2023 and the outflow of workers from Ukraine made the situation even worse. As a result, INPRO SA experienced several week delays in the implementation of some projects, which resulted in putting off the deadlines for the procurement of the occupancy permit to 2024 on projects such as the RYTM estate and apartments in Mikołajki. Those delays do not threaten the Company's and Group's financial situation in any way, but the revenue generated by the INPRO SA Corporate Group on those projects will be booked as late as in 2024.
- The growth of the prices of materials and labour slowed down, which made it easier to create cost estimates and budgets of property development projects.
- Following a less profitable period of school winter holidays the hotel trade noted a good summer period similar to that in 2022. A short reservation window continued to occur. The hotel occupancy rate in the summer holiday period was insignificantly higher than in 2022, and the room prices went up more noticeably.
- In 2023, inBet noted a 36 % decrease in revenues and a decrease in net profit by as much as 59 % compared to the previous year. This was the consequence of the precast item price lower than in the comparable period and of limited demand from Scandinavian buyers.

In the subsequent years, the Group's financial performance will be affected, first of all, by the following:

- the policy of the National Bank of Poland on interest rates on the banking market and the policy of the Polish Financial Supervision Authority regarding the recommendations on good practice for mortgage-backed credit exposures.
- the banks' policy on mortgage loans, and the willingness to offer escrow accounts and credit for developers,
- the impact of the situation in the Ukraine and of the geopolitical situation in other regions on the politics and economy of the country and the world (primarily including the growth of inflation, the restraint of expenditure by the state on support of widely-understood housing policy programmes due to the redirection of such expenditure to defence purposes),
- the development of the property development market with special consideration for its competitiveness (the high costs of materials and workmanship as well as poor availability of land for new projects),
- the government's regulatory activity and changes in law, especially the entry into force of the act on the protection of the rights of a flat and single family house buyer and on the Developers' Guarantee Fund, the development of project implementation based on the provisions of the Act of 5 July 2018 on facilitation of the preparation and implementation of residential and associated projects, the implementation of the endorsed policy of the National Housing Programme, the endorsement of the government's "Flat without Buyer's Equity Contribution" programme, the implementation of the "First Home" programme as well as other changes in legislation in the area of widely understood construction and spatial planning law,, as well as the timeliness of the development and implementation by municipalities of master plans in compliance with the amended provisions of the aforementioned Law on Spatial Planning and Development, the implementation of the adopted policy of the National Housing Program, the continuation of housing programs (within their limits) and possible amendments to these regulations or their replacement with new programs, as well as other legislative changes in the sphere of broadly defined construction law and on spatial planning,
- the duration of proceedings in relation to the procurement of various decisions and administrative permits necessary to commence the investment process, with special emphasis on the need to obtain approvals or decisions preceding the building permit, including the environmental decision, and the time for the consideration of matters brought before administrative courts by way of appeals or special appeals.

11. Assessment of the management of financial resources

The management of the resources of the INPRO SA Corporate Group is focused on ensuring the financial liquidity of all entities in the Group, including first of all in the property development activity. For the Group, the crucial factor is the provision of finance for each project under way and keeping liquidity ratios at a safe level.

The Group's present liquidity ratios indicate its stable and safe financial situation and capacity to meet liabilities. Both the INPRO Group and the Issuer have a low debt ratio in the property development trade.

Group companies analyse their financial assets and payment obligation on an ongoing basis.

Owing to the various property development projects being financed by credit, despite difficulties on the market from time to time, the Company pays its trade liabilities on time.

There has been no case of late payment in relation to credit agreements in the Company's history so far.

The Group, first of all INPRO SA, has been working with various banks on a long-term basis (risk diversification) to ensure the financing of both investing and current operations.

12. Assessment of the capacity to implementation contemplated construction projects with regard to the funds at hand and to possible changes in the financial structure of the activity

Property development projects are characterised by a long cycle and thus considerable expenditure at the preparation and construction stage, with a cash surplus occurring not sooner than after approximately 24 months from the start of construction works. INPRO SA attempts to manage each project in such a way that the positive cash flow is achieved as quickly as possible, therefore construction (and sometimes land purchase) is jointly financed with bank credit.

Property development projects are financed with funds from own assets, bank credit, from advances paid by customers towards the purchase of units and from the issue of debt securities. The Management Board of INPRO channels its efforts into making the credit maturity structure match, first of all, the period of implementation of various projects.

It should be noted that INPRO and its subsidiaries have full capacity to finance projects now under way.

13. Information on basic products

The main source of income for the Group in 2023 was the sale of residential and commercial units and residential buildings as part of property development projects in modern technology available on the domestic market, in line with the profitability principle in using new solutions. The remaining sources of revenues from the sale of the Group's products are as follows: manufacture of precast items, plumbing systems and renting real property.

The sales revenue structure is presented in the following table:

Table 7. Corporate Group's sales revenues by category (PLN '000)

Description	2023	Share (%)	2022	Share (%)	Change %
1. Sales revenues, including:	308 606	100	357 690	100	-14
a. Manufacture of precast items	17 133	6	29 371	7	-42
b. Plumbing and heating systems	3 898	1	1 514	1	157
c. Renting of real property	9 983	3	9 378	2	6
d. Property development activity	277 592	90	317 427	90	-13

Table 8. INPRO SA sales revenues by category (PLN '000) PLN)

Description	2023	Share (%)	2022	Share (%)
1. Revenues from the sale of products (without services), including:	147 527	98	188 936	98
a. Upper-end flats	68 495	46	44 683	23
b. Single-family houses	1 929	1	3 701	2
c. Popular flats	77 103	51	140 552	73
2. Revenues from the sale of goods for resale and materials	2 925	2	3 138	2
3. Total sales revenues	150 452	100	192 074	100

The Group offers the following range of products (the property development activity refers):

- Multi-family buildings (flats and apartments) divided as follows:
 - Apartments – high standard flats in the inner city centre (of the Tri-City) or in popular holiday and tourist resorts, with the net price of 1 m² above PLN 15,000.
 - Upper-end flats – those built to an increased standard, in an attractive location, at estates provided with a security service, with recreational grounds, a basement garage and outdoor car parks. Average net prices per m² are from PLN 10,000 to PLN 15,000.
 - Popular flats – those in good standard, located off the city centre, with recreational grounds and ground-based car parks, sometimes with basement garages. Average net prices per m² are from PLN 7,000 to PLN 10,000.
- Single-family detached, semi-detached and terraced houses, at enclosed estates, with recreational grounds, with garages and ground-based car-parks.

Flats in the increased standard and popular flats segment are provided in the so-called "builder's finish", which means that the customer finishes the flat (provides internal doors, floor panelling, sanitary ware, wall and floor terra-cotta tiles) on his or her own. The buyer of a flat can sign a fit-out agreement with SML Sp. z o.o., in which agreement the buyer can choose one out of three various options for the finish of the unit.

In 2023, the Group pursued the following housing projects:

1. Optima, stage VI, multi-family buildings – Gdańsk Jasień, the project consists of two multi-family buildings. Number of units: 64, usable residential area: 3,175 m², segment: popular flats. Construction works commenced in Q3 2021, building N placed in service in November 2023, building O in February 2024;
2. Optima stage VI, single-family houses – Gdańsk Jasień, the project comprises 40 single family detached, semi-detached and terraced houses. Usable residential area– 4,716 m², segment: single-family houses. Construction works commenced in Q3 2021; the scheduled date of placing in service: Q2 2024;
3. Optima, stage VII, multi-family buildings – Gdańsk Jasień, the project consists of five multi-family buildings. Number of units: 138, usable residential area: 7,398 m², segment: popular flats. Construction works commenced in Q2 2022; the scheduled date of placing in service: Q3 2024;
4. Optima, stage VIII, multi-family buildings – Gdańsk Jasień, the project consists of two multi-family buildings. Number of units: 85, usable residential area: 4,223 m², segment: popular flats. Construction works commenced in Q2 2022; the scheduled date of placing in service: Q2 2025;
5. KONCEPT – Gdańsk Ujeścisko - Łostowice – the estate consists of six four-floor multi-family buildings. Number of units: 264, usable residential area: 14,925 m², segment: upper-end flats. The following stages were implemented in 2023:
 - Stage II (number of units: 88, usable residential area: 5,009 m²) – construction works commenced in Q2 2021; this stage was placed in service in November 2023;
 - Stage III (number of units: 88, usable residential area: 4,895 m²) – construction works commenced in Q2 2021; the scheduled date of placing in service: Q4 2024;
6. RYTM – Gdańsk – the estate consists of two multi-family buildings with a double-level garage hall. Number of units: 107, usable residential area: 6,040 m², segment: upper-end flats. Construction works commenced in Q3 2021, the estate was placed in service in March 2024;
7. ATUT -Rotmanka – the estate will consist of 12 multi-family buildings and a commercial one; segment: popular flats. The following stages were being implemented in 2023:
 - ATUT I (number of units: 94, usable residential area: 3,120 m²) – construction works commenced in Q1 2023; the scheduled date of placing in service: Q3 2024;
 - ATUT II (number of units: 94, usable residential area: 3,120 m²) – construction works commenced in Q3 2023; the scheduled date of placing in service: Q4 2024;
 - ATUT III (number of units: 175, usable residential area: 9,643 m²) – construction works commenced in Q4 2023; the scheduled date of placing in service: third quarter of 2025;

8. Apartments in Mikołajki – a building with 105 apartments, service commercial units and conference rooms for sale. This is being built as part of the Hotel Mikołajki Leisure & SPA complex. Construction works commenced in Q4 2021; the scheduled date of placing in service: Q2 2024;
9. CITY PARK – Gdańsk – the estate consisting of two 11-storey multi-family buildings with a commercial section and garage hall. Number of units: 209, usable residential area: 10,887 m², segment: upper-end flats. Construction works commenced in Q1 2018; the scheduled date of placing in service: Q3 2026;
10. Dwór Migowo – Gdańsk – a prestigious multi-family building in the historic park within the Piecki-Migowo district in Gdańsk. The number of premises – 122, the usable residential area– 7,219 m², segment: apartments. Construction works commenced in Q4 2023; the scheduled date of placing in service: Q2 2026;
11. PROLOG – Olsztyn – the estate consists of three seven-floor multi-family buildings. Number of units: 194, usable residential area: 10,101 m², segment: popular flats. The following stages were implemented in 2023:
 Stage I (number of units: 70, usable residential area: 3,515 m²) – construction works commenced in Q2 2022; the scheduled date of placing in service: third quarter of 2026;
 Stage II (number of units: 124, usable residential area: 6,586 m²) – construction works commenced in Q2 2022; the scheduled date of placing in service: third quarter of 2027;
12. FORMA – Elbląg – the estate will be built in three stages and consist of three multi-family buildings. Number of units: 299, usable residential area: 14,600 m², segment: popular flats. The following stages were implemented in 2023:
 Stage I (number of units: 68, usable residential area: 3,361 m²) – construction works commenced in Q2 2022; the scheduled date of placing in service: third quarter of 2025;
13. SYNTEZA Miasta – Gdańsk Siedlce – a residential and commercial building. Inside the building, 51 flats and 86 apartments fit for long- or short-term lease and two commercial units are planned. Number of units: 139, usable residential area: 5,218 m², segment: upper-end flats. Construction works commenced in Q3 2022; the scheduled date of placing in service: Q3 2027;
14. Nowe Południe Estate (DOMESTA) – the Gdańsk; number of units: 296 residential and 10 commercial; usable residential area: 14,917 m²; segment: popular flats. The following buildings were being built in 2023:
 Building No. 1 (number of units: 42, usable residential area: 1,686 m²); scheduled for placing in service in Q4 2024;
 Building No. 2 (number of units: 42, usable residential area: 1,987 m²); scheduled for placing in service in in Q4 2024;
 Building No. 3 (number of units: 42, usable residential area: 1,987 m²); scheduled for placing in service in Q4 2025;
15. Leszczynowy Park (DOMESTA) – Gdańsk Jasień; number of residential units: 252; usable residential area: 13,605 m²; segment: popular flats. The following buildings were being built in 2023:
 Building No. 2 (number of units: 50, usable residential area: 2,592 m²) – the building placed in service in May 2023;
 Building No. 4 (number of units: 28, usable residential area: 1,549 m²) – the building placed in service in February 2024;
 Building No. 5 (number of units: 36, usable residential area: 2, 033 m²), scheduled for placing in service in Q4 2024;
16. #Na Swoim (DOMESTA) – Gdańsk Chełm; a small building with 72 residential units; usable residential area: 3,850 m²; segment: popular flats. The building placed in service in May 2023;
17. Urzeka (DOMESTA) – Gdańsk Jasień; the first stage comprising five buildings with 245 residential and seven commercial units, usable residential area 12,780 m²; usable commercial area: 251 m²; segment: popular flats. The following buildings were being built in 2023:
 Building No. 1 (number of units: 55, usable residential area: 2,645 m²) – the building placed in service in November 2023;
 Building No. 2 (number of units: 50, usable residential area: 2,398 m²) – the building placed in service in November 2023;
 Building No. 3 (number of units: 40, usable residential area: 2,841 m²); scheduled for placing in service in Q4 2024;
 Building No. 4 (number of units: 55, usable residential area: 2,645 m²); scheduled for placing in service in Q2 2025;

18. Polana Kampinoska (DOMESTA) – Gdańsk Łostowice; number of residential units: 84; usable residential area: 4,613 m²; segment: popular flats. The following buildings were being built in 2023:

Buildings C and D (number of units: 31, usable residential area: 1,567 m²); scheduled for placing in service in Q4 2025;

Buildings E, F, G (number of units: 47, usable residential area: 2,353 m²); scheduled for placing in service in Q4 2024;

19. REMEDIUM (DOMESTA) – Gdańsk Aniołki; a small building with 65 units; usable residential area: 3,464 m²; segment: investment apartments. The scheduled date of placing in service: Q3 2025;

14. Sales markets and distribution channels

In 2023 the INPRO Group sold its products and services first of all on the domestic market, mainly in Gdańsk. Only inBet Sp. z o.o. noted sales outside the domestic market (the so-called intra-Community supply of goods, mainly Sweden) – approximately 38 % of the company's total revenues.

Customers for the services

INPRO SA has the greatest contribution to the Group's sales as the Company's sales are slightly below 50 % of those of the entire Group.

The whole of the sales of INPRO's products is targeted at retail customers: natural persons and business entities. No group of regular customers can be distinguished. Owing to that fact, one cannot speak of the Company being dependent on any of its customers; that is because of the diversification into a numerous, variable and ever-changing group of customers.

In 2023, none of the Group's customers had a higher share than 3 % of the sales revenues.

INPRO SA sales are effected through the following distribution channels:

- the sales and marketing department at the Company's registered office,
- sales outlets at selected project sites,
- cooperation with selected intermediaries,
- sales through the Internet.

In 2023 INPRO did not have branch offices (establishments) in which activity was conducted.

Service providers

In the opinion of the Management Board, the Group is not dependent on suppliers. In 2023, the share of the biggest supplier was not higher than 10 % of the Group's cost of sales, however, in the opinion of the Management Board, the Group can always replace the present suppliers. Moreover, construction works, services or deliveries are provided by entities each time selected by way of tender or tender enquiries. Owing to such a policy, the Group has a considerable influence on the range of goods and services on offer, their quality, price and timely performance.

It should be emphasized that the Group is somewhat independent of third party subcontractors owing to its own construction capacity i.e. the Construction Division of INPRO SA (a group of approximately 70 skilled workers; the scope of works done by them comprises the core and shell of the buildings).

15. Information on agreements significant for the activity

Construction work agreements

In 2023 INPRO SA did not enter into significant agreements for the execution of construction works.

Land purchase agreements

1. On 13/07/2023 INPRO SA signed a purchase agreement for land in Straszyn. The purchase price of land does not exceed 10 % of the Issuer's equity.
2. On 27/09/2023 INPRO signed a purchase agreement for land in Gdańsk, Świetokrzyska Street. The purchase price of land does not exceed 10 % of the Issuer's equity.
3. On 29/11/2023 DOMESTA Sp. z o.o. signed a purchase agreement for land in Gdańsk, Ptasia Street. The purchase price of land does not exceed 10 % of the Issuer's equity.

Land sale agreements

No land sale transactions took place in the reporting period.

Financial agreements

On 13/10/2023 DOMESTA signed the organisation agreement for the issue of series B bonds for the sum of PLN 25 m with Michael / Ström Dom Maklerski SA. The funds obtained from the issue of the bonds are allocated to the repayment of the debt in relation to the issue of series A bonds and as finance for the current operations.

Other agreements

As part of its activity, the Group concluded the following significant agreements not described in previous items:

1. In the period from 01/01/ to 31/12/2023, the Group entered into new lease agreements of the total value of PLN 1,863 k with third parties.
2. On 17/03/2023 INPRO SA signed with SML Sp. z o.o. with its registered office in Gdańsk two preliminary lease agreements on the basis of which INPRO SA granted real property operating lease for commercial 2 units in a building constructed at the RYTM estate. The total value of the objects of lease is PLN 1,114 k net. The lease period is 5 years. The deadline for signing the promised lease agreements is the end of May 2024.
3. On 07/11/2023 INPRO SA signed with Centrum Usług Wspólnych Sp. z o.o. with its registered office in Gdańsk the lease preliminary agreement on the basis of which INPRO SA granted real property operating lease for commercial unit (a playgroup) in a building to be constructed at the ATUT estate. The net value of the object of lease is PLN 6,232 k. The lease period is 5 years. The deadline for signing the promised lease is mid-June 2025.
4. Detailed information concerning the structure of lease agreements as at 31/12/2023 is included in note No. 22 of the Group's consolidated financial statements for the financial year 2023.

Cooperation agreements

In 2023 the INPRO SA Group did not enter into significant cooperation agreements with other entities other than the agreements described above.

16. Information on transactions effected by INPRO SA or a subsidiary with related entities on conditions other than market conditions

All the transactions by the Company or its subsidiaries with related entities were entered into on market conditions.

The description of transactions with related entities was presented in note 26 of the Group's consolidated financial statements for the financial year 2023.

17. Information on credit and loans incurred

Terminated credit

No credit agreements were terminated in 2023, or in the period from the balance sheet date to the date of making this Report on Activity.

Credit incurred

The following credit agreements were concluded in 2023:

Table 9. Credit incurred in 2023

Bank	Amount in PLN '000	Details: Current report No./object of financing
SGB Bank SA (INPRO SA)	3 400	- / refinancing of the purchase of land in Elbląg, Warszawska Street
ALIOR Bank SA (INPRO SA)	54 100	Current Report No. 13/2023 of 26/06/2023 /financing the construction of the project in Mikołajki
BOŚ Bank SA (INPRO SA)	17 600	- / financing the construction of the ATUT project, stage I
BOŚ Bank SA (INPRO SA)	17 600	-/ financing the costs of construction of the ATUT project, stage II
mBank SA (INPRO SA)	14 400	Current Report No. 24/2023 of 27/09/2023 / financing the construction of the Koncept II project

Consortium: Bank Spółdzielczy in Skórcz and Bank Spółdzielczy in Pruszcz Gdański (DOMESTA Sp. z o.o.)	12 000	- / refinancing of the purchase of land in Gdańsk, Starogardzka Street
mBank SA (DOMESTA Sp. z o.o.)	28 520	Current Report No. 22/2023 of 18/07/2023 /financing the construction of the Polana Kampinoska project
Alior Bank SA (DOMESTA Sp. z o.o.)	4 000	- / financing the current operations
TOTAL	151 620	

Credit repaid

The Group repaid the following credit in 2023:

Table 10. Credit repaid in 2023

Bank	Date of signing the agreement	Amount in PLN '000	Credit purpose
mBank SA	29/09/2021	24 430	Financing the costs of construction of OSTOJA II
mBank SA	20/01/2022	23 920	Financing the costs of construction of Koncept I
mBank SA	27/09/2023	14 400	Financing the costs of construction of Koncept II
mBank SA	04/08/2022	15 370	Financing the costs of construction of Optima VI multi-family houses
SGB Bank SA	26/10/2020	9 000	Refinancing the costs of land purchase in Rotmanka
Bank Spółdzielczy in Skórcz (DOMESTA Sp. z o.o.)	02/09/2021	4 750	Refinancing the cost of land purchase in Gdańsk, Kampinoska Street, Łostowice
mBank SA (DOMESTA Sp. z o.o.)	19/12/2022	13 560	Financing the costs of construction of the Leszczynowy Park
mBank SA (DOMESTA Sp. z o.o.)	28/07/2021	3 000	Refinancing the cost of land purchase in Gdańsk, Ptasia Street
TOTAL		108 430	

Amendments to credit agreements:

In 2023, the Corporate Group did not sign any significant annexes to credit agreements other than the renewal of overdraft facilities (applicable to INPRO SA, PI ISA Sp. z o.o.).

Detailed information concerning the structure of credit agreements as at 31/12/2023 is included in note No. 22 of the of the Group's consolidated financial statements for the financial year 2023.

Loans incurred

INPRO SA did not contract any loan-related liabilities in the financial year 2023.

18. Information on loans granted in the financial year

No loan agreements were granted or terminated in the reporting period 2023, or in the period from the balance sheet date to the date of making this Report on the Activity.

19. Information on sureties and guarantees granted and received in the financial year

In 2023 INPRO SA did not receive any sureties or give any new ones.

In 2023, INPRO SA received contractual guarantees from its contractors (as security, e.g. for the return of the advance payment, remedying of faults and defects, warranty and quality guarantee) for a total amount of PLN 932 k.

In relation to signing an annexe to the revolving overdraft agreement with the renewal amount of PLN 15,000 k with Alior Bank SA, on 05/12/2023 INPRO SA received a guarantee from the Liquidity Guarantee Fund up to 80 % of the awarded credit amount (PLN 12,000 k) for 27 months i.e. to 04/03/2026.

In relation to signing a revolving overdraft agreement for PLN 4,000 k with Alior Bank SA, on 21/08/2023 DOMESTA Sp. z o.o. received a guarantee from the Liquidity Guarantee Fund up to 80 % of the awarded credit (PLN 3,200 k) for 27 months i.e. until 20/11/2025.

In relation to signing an overdraft agreement (ATUT I) for PLN 17,600 k with BOS Bank SA, on 29/09/2023 INPRO SA received a guarantee from the Liquidity Guarantee Fund up to 20 % of the awarded credit amount (PLN 3,520 k) until 30/11/2025.

In relation to signing an the revolving credit account overdraft agreement with the amount of PLN 17,600 k with BOS Bank SA, on 24/11/2023 INPRO SA received a guarantee from the Liquidity Guarantee Fund up to 20 % of the awarded credit amount (PLN 3,520 k) for 27 months i.e. to 31/01/2026.

On 18/10/2023 mBank SA issued a guarantee for Dom Zdrojowy Sp. z o.o. upon order from Dobry Hotel Sp. o.o. Sp. k. Pursuant to its content, the guarantee up to PLN 654.36 k secures the payment by the Tenant (Dobry Hotel Mięczkowski Sp. z o.o. Sp. k.) of matured claims of the Landlord (Dom Zdrojowy Sp. z o.o.) in relation to rent. The guarantee secures the Dom Zdrojowy hotel lease agreement of 12/08/2019 and is effective until 13/10/2024.

On 18/10/2023 mBank SA issued a guarantee for Hotel Mikołajki Sp. z o.o. upon order from Dobry Hotel Sp. o.o. Sp. k. Pursuant to its content, the guarantee up to PLN 600 k secures the payment by the Tenant (Dobry Hotel Sp. z o.o. Sp. k.) of mature claims of the Landlord (Hotel Mikołajki Sp. z o.o.) in relation to rent. The guarantee partly secures the Hotel Mikołajki lease agreement of 22/06/2018 and is effective until 13/10/2024.

20. Description of the use of proceeds from the issue of securities in the period covered by the report

Funds raised from the issue of bonds by DOMESTA Sp. z o.o. (on the basis of the resolution of 10/11/2023 of the Management Board, the issue of series B bonds with the nominal value of PLN 25,000,000) were designated for the repayment of the debt in relation to the issue of series A bonds (PLN 18,500,000) and funding the current operations (the implementation of property development projects).

21. Information on pending proceedings concerning the liabilities or receivables of INPRO SA or its subsidiaries

In the reporting period, no important proceedings were pending with regard to the liabilities or claims of INPRO SA or its subsidiary before a court, a body competent for arbitration proceedings or a public administrative body.

22. Difference between the financial performance indicated in the annual report and forecasts for a given year published previously

The Company did not publish financial forecasts for 2023.

23. Unusual factors and events which may affect the profit or loss

In 2023, no unusual factors or events other than those described in item 10 of the Management Board Report affecting the financial result for the year were identified.

24. Group's activity during the financial year 2023

As the property development activity is the main activity of the Group, the major achievements of INPRO SA and DOMESTA Sp. z o.o. will be presented below:

Buildings placed in service in 2023:

Table 11. Buildings placed in service by INPRO SA and DOMESTA Sp. z o.o. in 2023

Project	Decision on the occupancy permit	Number of units	Kind of project
Gdańsk, KONCEPT II (Bramińskiego Street)	November 2023	88	Upper-end flats

Gdańsk, Optima, stage VI, multi-family buildings building N (Jasińskiego Street)	November 2023	32	Popular flats
Gdańsk, #Na Swoim, building 1	May 2023	72	Popular flats
Gdańsk, Leszczynowy Park, building 2	May 2023	50	Popular flats
Gdańsk, Urzeka Estate, buildings 1 and 2	November 2023	105	Popular flats
Matarnia Office Park	April 2023		Office building

Sales (understood as the number of preliminary sales agreements gross i.e. without resignations) at various projects in 2023:

Table 12. Sales by INPRO SA together with DOMESTA Sp. z o.o. by project in 2023

Project	Number of flats sold gross	Kind of project
Mikołajki Apartments	18 (21 % accumulative)	Apartments and commercial units
Gdańsk, Optima VI, single-family houses	9 (28 % accumulative)	Single-family houses
Gdańsk, Wróbla Staw E, single-family houses	1 (100 % accumulative)	Single-family houses
Gdańsk, Koncept, stage I	50 (100 % accumulative)	Upper-end flats
Gdańsk, Koncept, stage II	82 (86 % accumulative)	Upper-end flats
Gdańsk, Koncept, stage III	19 (17 % accumulative)	Upper-end flats
Gdańsk, Rytm	60 (65 % accumulative)	Upper-end flats
Pruszcz Gdański, Brawo 2	33 (98 % accumulative)	Upper-end flats
Gdańsk, Start, stage II	38 (99 % accumulative)	Popular flats
Pruszcz Gdański, Debiut IV	17 (100 % accumulative)	Popular flats
Gdańsk, Optima, stage IV	12 (100 % accumulative)	Popular flats
Gdańsk, Optima, stage V	12 (100 % accumulative)	Popular flats
Gdańsk, Optima, stage VI, multi-family buildings	63 (100 % accumulative)	Popular flats
Gdańsk, Optima, stage VII	61 (40 % accumulative)	Popular flats
Gdańsk, Optima, stage VIII	8 (10 % accumulative)	Popular flats
Rumia, Ostoja, stage I	10 (100 % accumulative)	Popular flats
Rumia, Ostoja, stage II	38 (96 % accumulative)	Popular flats
Rotmanka, ATUT, stage I	30 (28 % accumulative)	Popular flats
Rotmanka, ATUT, stage II	15 (16 % accumulative)	Popular flats
Gdańsk, Urzeka Estate, buildings 1, 2, 3 and 4 (DOMESTA)	102	Popular flats
Gdańsk, the Nowe Południe Estate, buildings 1-2, 3 (DOMESTA)	84	Popular flats
Gdańsk, the Polana Kampinoska Estate, buildings C, D, E, F, G (DOMESTA)	50	Popular flats
Gdańsk, Leszczynowy Park, buildings 1, 2, 3, 4 and 5 (DOMESTA)	89	Popular flats

Gdańsk, NaSwoim Estate, building 1 (DOMESTA)	10	Popular flats
Gdańsk, REMEDIUM Estate, building 1 (DOMESTA)	2	Investment apartments
TOTAL GROSS SALES	576 pcs (Inpro) +337 pcs (Domesta)= 913 pcs	

25. Important development factors and prospects

The most important internal factors influencing the current activity include:

- attractive and diversified housing offer targeted at several customer segments,
- the quality and timely performance of housing projects,
- offer concerning various customer financing programmes for the purchase of units,
- the marketing policy,
- the flexibility in pricing the units, in the layout of buildings, additional services (interior design, deficiencies etc.),
- long-term cooperation with banks (ease of obtaining finance and signing an open escrow account agreement).

The most significant external factors affecting the Group are listed in item 10 of the Report of the Management Board.

The forecasts of the Group's development taking into account the factors mentioned above and the risks relating to the property development activity as described in item 5 indicate that the sales level achieved by both the Group and the Issuer in 2024 will be at a higher level than in the 2023. This is because of the number and value of projects planned for placing in service as part of INPRO SA activity, including projects which could not be completed in 2023 for reasons within INPRO SA control.

In the reporting year, INPRO SA completed its land bank with plots of land of the total area of approximately 103,000 m², and DOMESTA Sp. z o.o. purchased land of the total area of approximately 3,000 m². Those plots should enable an expansion of the Group's offer in the years of its activity to come.

In 2023, the INPRO SA Group launched the sales of 783 new flats and houses.

At the moment, in 2024 the Group is planning to launch the following projects:

- Dwór Migowo Estate in Gdańsk (122 units),
- Polana Kampinowska, buildings A and B in Gdańsk (8 units),
- Leszczykowy Park in Gdańsk, building 6 (36 units),
- Nowe Południe, building 4 in Gdańsk (74 units),
- #Na Swoim 2, building 1 (50 units),
- Urzeka, building 5 (45 units),

In view of the volume of the offer placed on the market in 2022 and 2023, decisions on launching further projects will depend on the economic situation and the demand from prospective buyers.

26. Changes in the basic rules of enterprise management

No substantial changes in the basic rules of enterprise management occurred at the INPRO Corporate Group or in INPRO itself during 12 months of 2023.

27. Agreements entered into with managers, which provide for compensation

As at 31/12/2023, the Management Board consisted of four persons. The President of the Management Board, Mr Krzysztof Maraszek, was employed on the basis of a management contract, while the remuneration of the Vice-President of the Management Board, Mr Zbigniew Lewiński, during his term of office is fixed by the Company's Supervisory Board. The members of the Management Board appointed by the Supervisory Board on 14/09/2020, i.e. Mr Robert Maraszek and Mr Marcin Stefaniak, are employed at INPRO SA on the basis of employment agreements.

In accordance with the provisions of the management contract of Mr Krzysztof Maraszek, in the event of the termination of the contract by either of the parties with notice specified in the contract and in the event of the termination of the contract with immediate effect by the Member of the Management Board for reasons described in the contract, the Company is obliged to pay the Board Member the severance pay in the amount of PLN 1,200,000 gross. Mr Krzysztof Maraszek is obliged to abstain from competitive business during the term of the contract and for 12 months after its end. For the period in which the restriction continues to be in force after the end of the contract, the Company undertook to pay the Member of the Management Board the monthly compensation equal to 75 % of the basic remuneration for the last full calendar month of the fulfilment of the function.

In conformity with the resolutions of the Company's Supervisory Board, in the event of Mr Zbigniew Lewiński's dismissal by the Company's Supervisory Board from the function of the Vice-President of the Management Board or his resignation from the function in the Company's Management Board, the Company is obliged to pay the member of the Management Board a severance pay in the amount of PLN 1,200,000. The above-mentioned severance pay shall not be due if the dismissal from the function of a Member of the Management Board takes place because of gross negligence, as a result of which the Company suffered real damage significantly affecting its financial liquidity or in the event of a Member of the Management Board committing an offence ascertained by a legally valid court judgement and preventing him, in compliance with the absolutely binding provisions of law, from further fulfilling the functions of the Member of the Management Board. At the same time, the Supervisory Board resolved that Mr Zbigniew Lewiński is banned from competitive business during the term of the mandate and for 12 months after its end. For the period in which the restriction continues to be in force after the end of the term of office, the Company undertook to pay that member of the Management Board the monthly compensation equal to 75 % of the basic remuneration for the last full calendar month when he fulfilled his function.

28. Remuneration, prizes and benefits for each of the Company's managers and supervisors

In 2023 the value of the remuneration, prizes and benefits paid, due or potentially due separately to each of the managers and supervisors of the Company is as follows:

Table 13. Gross remuneration of the members of governing bodies of INPRO SA in 2023 at cost (PLN)

REMUNERATION OF THE MANAGEMENT BOARD OF INPRO SA					
		Remuneration in relation to the function of the member of the Management Board at INPRO SA	Dividends paid in 2023	In other entities in the Group	
1	MANAGEMENT BOARD – fixed remuneration				
	Krzysztof Maraszek	840 000.00			
	Zbigniew Lewiński	490 000.00			
	Robert Maraszek	616 132.60		68 493.72	
	Marcin Stefaniak	610 074.37			
	TOTAL	2 556 206.97		68 493.72	
2	MANAGEMENT BOARD – variable remuneration				
	Krzysztof Maraszek	109 000.00	2 502 500.00		
	Zbigniew Lewiński	109 000.00	2 365 000.00		
	Robert Maraszek	420 673.59			
	Marcin Stefaniak	420 673.59			
	TOTAL	1 059 347.18	4 867 500.00		
3	SUPERVISORY BOARD IN THE GROUP				
	Krzysztof Maraszek			60 000.00	
	Zbigniew Lewiński			88 000.00	
	TOTAL			148 000.00	
	TOTAL FOR THE MANAGEMENT BOARD	3 615 554.15	4 867 500.00	216 493.72	
REMUNERATION OF THE SUPERVISORY BOARD OF INPRO SA					
		In the Company – for the sessions of the Supervisory Board*	Remuneration in relation to the employment relationship with INPRO SA	Dividends paid in 2023	In other entities in the Group
4	SUPERVISORY BOARD OF INPRO SA				
	Jerzy Glanc	55 400.04			
	Krzysztof Gąsak	30 041.55			
	Łukasz Maraszek	26 400.00			
	Wojciech Stefaniak	27 559.20		352 500.00	

	Szymon Lewiński	26 730.00	34 705.59	
	Beata Krzyżagórska-Żurek	54 398.31		
	Mariusz Linda	47 759.97		
	TOTAL	268 289.07	34 705.59	352 500.00

* Including the Audit Committee

29. Value of pension obligations and similar benefits to former managers and supervisors

No pension obligations and similar benefits to former managers, supervisors or former members of administration bodies and liabilities contracted in relation to such pensions occurred in 2023.

30. Remuneration policy

In view of the size and kind of its activity, the Company did not have a formalised remuneration policy until 25/06/2020. The Ordinary General Meeting convened for 25 June 2020 adopted a resolution on the laying down the remuneration policy for the members of the Management Board and the Supervisory of INPRO SA with its registered office in Gdańsk (pursuant to Article 90d of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments into an organised trading system, and on public companies). The policy is aimed to: 1) implement the strategy for the Company's business; 2) pursue the long-term interests assumed by the Company; and 3) maintain the stability of the Company.

On 28 June 2021, the Ordinary General Meeting adopted the revised consolidated text of the Remuneration Policy for the members of the Board of Management and the Supervisory Board of INPRO SA.

Pursuant to the Company's Statutes, the remuneration of the members of the Supervisory Board is fixed by the General Meeting, and remuneration of the members of the Management Board is fixed by the Supervisory Board in conformity with the remuneration policy effective at the Company, with the application of the relevant binding regulations on public offering and the conditions governing the introduction of financial instruments into the organised trading system, and on public companies. The remuneration of the managers is fixed on the basis of the Remuneration Rules prepared in conformity with the requirements of the Labour Code.

As described in item 27 above, as at 31/12/2023, the President of the Management Board, Krzysztof Maraszek, was employed on the basis of the management contract, and the remuneration of the Vice-President, Zbigniew Lewiński, is fixed during his term of office by the Company's Supervisory Board. New members of the Management Board appointed by the Supervisory Board on 14/09/2020, i.e. Mr Robert Maraszek and Mr Marcin Stefaniak, are employed at INPRO SA on the basis of employment agreements.

The level of monthly remuneration of the members of the Management Board in 2023 was as follows:

- Mr Krzysztof Maraszek – the remuneration for the period from 01/01/2023 to 31/12/2023 in the amount of PLN 70,000 gross in the entire period;
- Mr Zbigniew Lewiński – the remuneration for the period from 01/01/2023 to 31/05/2023 in the amount of PLN 35,000 gross, and for the period from 01/06/2023 to 31/12/2023 in the amount of PLN 45,000 gross;
- Mr Robert Maraszek – the remuneration for the period from 01/01/2023 to 31/05/2023 in the amount of PLN 45,000 gross, and for the period from 01/06/2023 to 31/12/2023 in the amount of PLN 55,000 gross;
- Mr Marcin Stefaniak – the remuneration for the period from 01/01/2023 to 31/05/2023 in the amount of PLN 45,000 gross, and for the period from 01/06/2023 to 31/12/2023 in the amount of PLN 55,000 gross;

The right to additional remuneration, that is an annual bonus, subject to the Company achieving profit for a given calendar year and to the approval of the financial statements by the General Meeting, may be a component of the remuneration of each member of the Management Board, too. The amount of that component of the remuneration is each time fixed in a resolution of the Supervisory Board but may not be lower than 1 % of the Company's or Group's net profit.

Based on a resolution of the Company's Supervisory Board, the members of the Management Board performing the tasks of the Project Director and Construction Division Director may be awarded a bonus based on project profit, which is computed as a specified percentage (0.5 %) of the gross profit on a given project completed in the financial year preceding the year in which the bonus is paid. The bonus must each time be awarded in a relevant resolution by the Supervisory Board.

The Members of the Management Board and key managers are not entitled to any significant non-financial remuneration components other than those included in the in-work benefit package as a standard, such as: medical care and a company car also used for private purposes, covering the costs of business trips and a third party liability policy for the members of the Management Board.

31. Total number and nominal value of all stock (shares) in the Company and of stock and shares in related entities, held by the Company's managers and supervisors

The shareholdings of the members of the Management Board and Supervisory Board of INPRO SA as at 31/12/2023 were as follows:

Table 14. Members of the Management Board holding shares of INPRO SA as at 31/12/2023

	Shares Number of shares	Shares Nominal value (PLN)
Management Board		
Krzysztof Maraszek – President of the Management Board	10 010 000	1 001 000.00
Zbigniew Lewiński – Vice-President of the Management Board	9 460 000	946 000.00
Total	19 470 000	1 947 000.00

The members of the Management Board did not hold stock (shares) in other entities of the Group.

Table 15. Members of the Supervisory Board holding shares of INPRO SA as at 31/12/2023

	Shares Number of shares	Shares Nominal value (PLN)
Supervisory Board		
Wojciech Stefaniak – member of the Supervisory Board	1 410 000	141 000.00
Total	1 410 000	141 000.00

The members of the Supervisory Board did not hold stock (shares) in other entities of the Group.

No other changes in the shareholdings by executives and supervising persons took place in the reporting period and until the date of submission of this report.

It should also be noted that the entities related to INPRO SA as at 31/12/2023 were as follows:

- Hotel Oliwski Sp. z o.o., that entity being personally related through Ms Grażyna Dąbrowska - Stefaniak, Ms Monika Stefaniak and Mr Wojciech Stefaniak -162 shares of the nominal value of PLN 10,000 each, totalling 100 % of the shares in that entity's equity (PLN 1,620,000).

32. Information on agreements known to the Company as a result of which changes in the proportion of shares held by current shareholders may take place in the future

The Company is not aware of any agreements under which changes in the proportion of shares held by current shareholders of INPRO SA may take place in the future.

On 18 August 2022, the Extraordinary General Meeting of DOMESTA Sp. z o.o. adopted resolution No. 7/2022 on establishing an incentive scheme for the President of the Management Board, Przemysław Maraszek – see Current Report No. 26/2022 of 18/08/2022.

In relation to the adoption to the resolution mentioned above, on 18 August 2022 the company also entered into the incentive scheme participation agreement with Mr Przemysław Krzysztof Maraszek (the "Right Holder") as the President of the Management Board of DOMESTA Sp. z o.o. and its key manager.

The Incentive Scheme described above and forming the basis for the execution of the agreement consists in granting the Right Holder, when the programme conditions have been met, the right to the preferential subscription of a total of not more than 40 (forty) newly created shares in DOMESTA Sp. z o.o. with its registered office in Gdańsk.

It is planned to perform the Incentive Scheme in 2022-2026, however, the newly created shares may be subscribed for in 2023-2027. The Incentive Scheme shall cover five consecutive financial years starting from the year ending on 31 December 2022, and ending on the year ending on 31 December 2026.

In relation to each year of the Incentive Scheme, the Right Holder may subscribe for 8 (eight) newly created shares in the Company's share capital, at the price specified in the Incentive Scheme.

If the adopted Incentive Scheme is fully performed and, as a result, the share capital of DOMESTA Sp. z o.o. is increased through the creation of 40 new shares, the Issuer's share in the share capital of DOMESTA Sp. z o.o. will decrease from 59.57 % to 53.85 %.

As a result of the performance of the Incentive Scheme, following the settlement of the results achieved in 2022, the capital of DOMESTA Sp. z o.o. was increased by 8 shares granted to Mr Przemysław Maraszek, a fact described in item 2 of the Report of the Management Board, and the share of INPRO SA decreased from 59.57 % to 58.33 %.

33. Information on the employee share control system

There is no employee share ownership plan at the Company or in subsidiaries.

34. Disclosure of non-financial and diversity information

The Company and entities within the Corporate Group do not meet the criteria set out in Directive 2014/95/EU obliging companies to disclose non-financial information for 2023.

On the basis of principle No. 2.1 *in fine* of the "Best Practice for GPW Listed Companies 2021", INPRO SA with its registered office in Gdańsk informs that it does not have or follow the diversity policy in relation to the Company's governing bodies: the Management Board and Supervisory Board, as required by the principle described above. The Company explains that whilst the principle allowing for a diversity policy with regard to the Company's governing bodies and its key managers, in particular with regard to conditions such as gender, education, age, professional experience, and the goals of the diversity policy is not followed at the moment, all decisions concerning staff at each level at the Company are based on individual skills and qualifications of various persons, with respect for equal chances of each person no matter his/her age or gender. Moreover, current regulations related to the election of the members of the Company's governing bodies, always appointed by collegiate bodies, that is: (i) in the case of members of the Management Board, the election is carried out by the Supervisory Board, and (ii) in the case of members of the Supervisory Board, the election is carried out by the General Meeting, in the Company's opinion, are the regulations determining the correct and independent assessment of candidates with the use of objective substantive criteria regardless of the gender or age of the candidate. The current bench of the Company's governing bodies provides the diversity needed by the Company in areas such as age, field of education and expertise. Managerial staff is selected and hired by the Management Board on the basis of the substantive election rules specified above, based on the person's skills and qualifications. The recent elections to the Company's Supervisory Board are a manifestation of the desire to ensure a balanced proportion of men and women in the management and supervisory structures of INPRO SA.

35. Sponsoring, charity and other similar policies

In the reporting year, INPRO SA transferred approximately PLN 114 k for charity purposes, both to natural persons and to various organisations such as schools, pro-social organisations, associations and foundations (the total up to 15 beneficiaries as well as season's aid to hard-up families from the Kashubia area).

Decisions on any activities of sponsoring and charitable character are taken by the Company's Management Board on the basis of case-specific financing requests filed by the entities concerned.

Relevant assistance is rendered on a local scale.

36. Information on agreements with an entity authorised to audit and review financial statements

On 26/03/2021, INPRO SA signed an agreement for the following with MOORE Rewit Audyt Spółka z ograniczoną odpowiedzialnością with its registered office in Gdańsk – an entity authorised to audit financial statements:

- a) the review of the separate interim consolidated financial statements of INPRO SA and of the consolidated financial statements of the INPRO SA Corporate Group for the period 01/01/2021-30/06/2021; remuneration: PLN 27,900.00,
- b) the audit of the separate consolidated financial statements of INPRO SA and of the consolidated financial statements of the INPRO SA Corporate Group for the period 01/01/2021-31/12/2021; remuneration: PLN 38,900.00,
- c) the review of the separate interim consolidated financial statements of INPRO SA and of the consolidated financial statements of the INPRO SA Corporate Group for the period 01/01/2022-30/06/2022; remuneration: PLN 27,900.00,

- d) the audit of the separate consolidated financial statements of INPRO SA and of the consolidated financial statements of the INPRO SA Corporate Group for the period 01/01/2022-31/12/2022; remuneration: PLN 38,900.00,
- e) the review of the separate interim consolidated financial statements of INPRO SA and of the consolidated financial statements of the INPRO SA Corporate Group for the period 01/01/2023-30/06/2023; remuneration: PLN 31,800.00,
- f) the audit of the separate consolidated financial statements of INPRO SA and of the consolidated financial statements of the INPRO SA Corporate Group for the period 01/01/2023-31/12/2023; remuneration: PLN 43,800.00,

In addition, on 07/03/2022, an annexe was signed to the agreement with MOORE Rewit Audyt Spółka z ograniczoną odpowiedzialnością with its registered office in Gdańsk, regarding the completion, on 3 January 2022, of the process as a result of which Moore Rewit Audyt spółka z ograniczoną odpowiedzialnością with its registered office in Gdańsk (80-137) ul. Starodworska 1, contributed the organised part of the enterprise ("OPE") into Moore Polska Audyt sp. z o.o. with its registered office in Warsaw (00-613), ul. Tytusa Chałubińskiego 8. As part of the OPE constituting a set of tangible and intangible assets organisationally and financially separated from the structure of Moore Rewit Audyt Sp. o.o., all the rights and obligations under previous financial review agreements were transferred to Moore Polska Audyt Sp. o.o.

On 05/07/2023, another annexe was signed to the agreement with MOORE Polska Audyt Sp. z o.o., partly amending the remuneration, namely:

- a) the review of the separate interim consolidated financial statements of INPRO SA and of the consolidated financial statements of the INPRO SA Corporate Group for the period 01/01/2023-30/06/2023; remuneration: PLN 34,000.00,
- b) the audit of the separate consolidated financial statements of INPRO SA and of the consolidated financial statements of the INPRO SA Corporate Group for the period 01/01/2023-31/12/2023; remuneration: PLN 50,000.00,

On 22/03/2024, an order was signed with MOORE Polska Audyt Sp. z o.o. for the assessment of the annual report on the remuneration of the Management Board and Supervisory Board of INPRO SA for 2023 with the binding laws taken into consideration. The remuneration for that audit is PLN 8,500 net.

On 22/03/2024, an order was signed with MOORE Polska Audyt Sp. z o.o. for the audit of the compliance of the annual financial statements for 2023 with the ESEF (European Single Electronic Format). The remuneration for that audit is PLN 9,000 net.

Moreover, the following agreements were concluded with MOORE Polska Audyt Spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw for the audit of the financial statements of subsidiaries comprised by the Corporate Group:

- a) inBet Sp. z o. o. – on 05/08/2021, as amended, for the audit of the annual financial statements at 31/12/2021, 31/12/2022 and 31/12/2023, drafted to the Polish Accounting Standards; remuneration: PLN 16,000.00, PLN 16,000.00 and PLN 24,000.00 for the year respectively,
- b) Dom Zdrojowy Sp. z o. o. – on 05/08/2021, for the audit of the annual financial statements at 31/12/2021, 31/12/2022 and 31/12/2023, drafted to the Polish Accounting Standards; remuneration: PLN 8,000.00, PLN 8,000.00 and PLN 9,000.00 for the year respectively,
- c) DOMESTA Sp. z o. o. – on 19/08/2021, as amended, for the audit of the annual financial statements at 31/12/2021, 31/12/2022 and 31/12/2023, drafted to the Polish Accounting Standards; remuneration: PLN 19,900.00, PLN 19,900.00 and PLN 24,000.00 for the year respectively,
- d) Hotel Mikołajki Sp. z o. o. – on 05/08/2021, for the audit of the annual financial statements as at 31/12/2021, 31/12/2022 and 31/12/2023, drafted to the Polish Accounting Standards; remuneration: PLN 8,000.00, PLN 8,000.00 and PLN 9,000.00 for the year respectively,

All the amounts given above are net.

In the reporting year, INPRO SA did not use the services other than those listed above as provided by MOORE Polska Audyt Spółka z ograniczoną odpowiedzialnością with its registered office in Gdańsk.

The selection of the statutory auditor to audit the Company's financial statements is within the powers of the Supervisory Board.

37. Achievements in research and development

The Group did not pursue any activities in research and development in the period in question.

38. Acquisition of own shares

During 12 months of the financial year 2023, INPRO SA did not effect any transaction concerning the acquisition of own shares. It should be noted, however, that on 27/05/2021 the Management Board of INPRO SA adopted a resolution on the commencement of the repurchase of own shares by INPRO SA. The total amount which may be designated by the Company for the acquisition of treasury shares, along with the costs of their acquisition, will be not more than PLN 11,000,000.00. The resolution of the Management Board is described in Current Report No. 12/2021 of 27/05/2021. The relevant resolution was also adopted by the General Meeting on 28/06/2021.

On 19 May 2023 the Management Board of INPRO SA recommended the extension of the period of authorisation to the Management Board to acquire treasury shares by the Company for their redemption. Pursuant to resolution No. 6/2023, the Management Board suggested to the General Meeting that it should adopt a resolution on the extension of the deadline of the authorisation period from 30 June 2023 to 30 June 2025. The resolution was adopted by the General Meeting on 27/06/2023.

39. Description of significant off-balance sheet items

In the reporting period, there were no significant off-balance sheet items other than those described above.

40. Material events after the balance sheet date

- a) The Group entered into the following new credit agreements after the balance sheet date:

Table 16. Credit incurred after the balance sheet date

Bank	Amount in PLN '000	Details: Current report No./object of financing
mBank SA (INPRO SA)	37 200	Current Report No. 3/2024 of 09/02/2024 / financing the construction of the Optima VII project
mBank SA (INPRO SA)	24 900	Current Report No. 4/2024 of 15/03/2024 / financing the construction of the KONCEPT III project
Powiślański Bank Spółdzielczy in Kwidzyn (INPRO SA)	3 000	- / financing the purchase of land in Gdańsk, Świętokrzyska Street
TOTAL	65 100	

- b) After the balance sheet date, the Group repaid the following credit agreements:

Table 17. Credit repaid after the balance sheet date

Bank	Date of signing the agreement	Amount in PLN '000	Credit purpose
Alior Bank SA (DOMESTA Sp. z o.o.)	22/06/2020	10 500	Financing current operations
mBank SA (INPRO SA)	22/04/2022	35 940	Financing the costs of construction, RYTM
SGB-Bank SA (INPRO SA)	09/05/2022	8 000	Refinancing the costs of land purchase in Rotmanka
TOTAL		54 440	

- c) After the balance sheet date, the Group entered into new lease agreements of the total value of PLN 839 k with third parties.
- d) On 08/01/2024 DOMESTA Sp. z o.o. signed a purchase agreement for land in Gdańsk Klukowo. The purchase price of land does not exceed 10 % of the Issuer's equity.

- e) On 15/02/2024, Dom Zdrojowy Sp. z o.o. signed an annexe to the hotel facility tenancy agreement of 12/08/2019 with Dobry Hotel Mięczkowski Sp. K. Sp. z o.o. Based on the annexe, the rent payment schedule was changed effective from 1 January 2024, namely the rent for January to April was reduced by PLN 200,000 per month, and the rent for July and August was raised by PLN 400,000 per month.
- f) On 10/04/2024 INPRO SA signed with SML Sp. z o.o. with its registered office in Gdańsk the annexes to both preliminary lease agreements for two commercial units in a building constructed at the RYTM estate. Based on the annexes, the value of the objects of lease was lifted to the total of PLN 1,315 k new, and the lease was extended to 7 years. The new deadline for signing the promised lease agreements is the end of July 2024.