

Quarterly report for the 3<sup>rd</sup> quarter 2019 of the DEKPOL Capital Group (data in thousands of PLN)



**QUARTERLY REPORT  
FOR THE 3<sup>RD</sup> QUARTER 2019 OF  
DEKPOL CAPITAL GROUP**

Pinczyn, 27<sup>th</sup> of November 2019



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# 1. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT

## 1.1 SELECTED CONSOLIDATED FINANCIAL DATA

Item	thousand PLN	thousand PLN	thousand EUR	thousand EUR
	01.01.2019 - 30.09.2019	01.01.2018 - 30.09.2018	01.01.2019 - 30.09.2019	01.01.2018 - 30.09.2018
I. Net revenue from sales of products, goods, and materials	611 719	571 807	141 976	134 432
II. Profit (loss) on operating activity	37 455	34 669	8 693	8 151
III. Profit (loss) before tax	31 128	28 929	7 225	6 801
IV. Net profit (loss)	24 157	22 198	5 607	5 219
V. Earnings (loss) per ordinary share (in PLN / EUR)	2,89	2,65	0,67	0,62
VI. Net cash flows from operating activity	56 821	-61 346	13 188	-14 422
VII. Net cash flows from investment activity	-34 113	-17 891	-7 917	-4 206
VIII. Net cash flows from financial activity	48 391	80 472	11 231	18 919
IX. Total net cash flows	74 076	1 235	17 193	290
	thousand PLN	thousand PLN	thousand EUR	thousand EUR
	30.09.2019	31.12.2018	30.09.2019	31.12.2018
X. Total assets	981 188	900 817	224 343	209 492
XI. Liabilities and provisions for liabilities	765 506	709 292	175 029	164 952
XII. Long-term liabilities	284 397	258 515	65 026	60 120
XIII. Short-term liabilities	481 109	450 777	110 003	104 832
XIV. Equity	215 682	191 525	49 315	44 541
XV. Share capital	8 363	8 363	1912	1 945
XVI. Number of shares at the end of the period	8 362 549	8 362 549	8 362 549	8 362 549
XVII. Book value per share (in PLN / EUR)	26	23	6	5



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Individual items of Condensed Interim Consolidated Statement of Financial Position, which have been presented in EUR currency, have been converted based on the average exchange rate set by the Polish National Bank for the day 30.09.2019: 4,3736 PLN/EUR and for the day 31.12.2018: 4,3000 PLN/EUR.

Individual items of Condensed Interim Consolidated Financial Statement of Comprehensive Income and Condensed Interim Consolidated Cash Flow Statement have been converted into EUR based the arithmetic average of average exchange rates for EUR set by the Polish National Bank on the last day of each month of given period 01.01-30.09.2019: 4,3086 PLN/EUR, and 01.01-30.09.2018: 4,2535 PLN/EUR.



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## 1.2 CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Item	Note	01.01.- 30.09.2019	01.07.- 30.09.2019	01.01.- 30.09.2018	01.07.- 30.09.2018
Sales revenues	1.6.2	611 719	188 272	571 807	217 074
Costs of goods sold	1.6.3	553 435	172 035	506 870	195 921
<b>Gross profit (loss) from sales</b>		<b>58 283</b>	<b>16 237</b>	<b>64 938</b>	<b>21 153</b>
Selling costs	1.6.3	13 252	2 619	16 186	5 839
General administrative expenses	1.6.3	12 042	3 652	12 887	3 961
Other operating revenues	1.6.4.	8 494	2 250	2 956	631
Other operating costs	1.6.5.	4 029	916	4 152	51
<b>Profit (loss) from operating activities</b>		<b>37 455</b>	<b>11 300</b>	<b>34 669</b>	<b>11 933</b>
Financial revenues	1.6.6.	122	13	159	55
Financial expenses	1.6.7.	6 449	1 869	5 899	3 228
Share in profit (loss) in entities priced by ownership value method		0	0	0	0
<b>Profit (loss) before tax</b>		<b>31 128</b>	<b>9 444</b>	<b>28 929</b>	<b>8 760</b>
Income tax	1.6.8	6 971	2 779	6 731	1 572
Profit (loss) from continued operations		24 157	6 664	22 198	7 189
<b>Net profit (loss)</b>		<b>24 157</b>	<b>6 664</b>	<b>22 198</b>	<b>7 189</b>
Other net comprehensive income		0	0	0	0
Comprehensive income falling to non-controlling shareholders		0	0	0	0
<b>Comprehensive income falling to shareholders of parent entity</b>		<b>24 157</b>	<b>6 644</b>	<b>22 198</b>	<b>7 189</b>



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### 1.3 CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Item	Note	30.09.2019	31.12.2018
<b>Fixed assets</b>		<b>238 648</b>	<b>207 758</b>
Property, plant and equipment		82 226	79 957
Intangible assets		286	307
Goodwill		0	0
Investment properties		143 824	116 872
Stocks and shares		0	0
Receivables		3 611	599
Other long-term financial assets		2 522	2 499
Long-term deferred charges		0	0
Deferred income tax assets		6 178	7 523
<b>Current assets</b>		<b>742 540</b>	<b>693 059</b>
Inventory	1.6.9	339 304	340 586
Receivables due to contracts with clients	1.7	42 724	48 493
Trade receivables and other receivables	1.6.10	217 337	233 464
Other short-term financial assets		0	0
Short-term deferred charges		6 118	4 559
Cash and cash equivalent		137 057	65 957
including cash on escrow accounts		19 284	24 372
Assets classified as held for sale		0	0
<b>Assets in total</b>		<b>981 188</b>	<b>900 817</b>



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Item	Note	30.09.2019	31.12.2018
<b>Equity</b>		<b>215 682</b>	<b>191 525</b>
Basic capital		8 363	8 363
Equity from sales of shares over its nominal value		26 309	26 309
Other equities		184 972	154 590
Own shares (-)		0	0
Exchange differences on conversion		-1	0
Profits saved:		-3 963	2 263
Equity falling to shareholders of parent entity		215 680	191 524
Non-controlling shares		2	1
<b>Long-term liabilities</b>		<b>284 397</b>	<b>258 515</b>
Deferred income tax provision		20 672	16 821
Liabilities and provisions on employee benefits		107	107
Other long-term provisions		0	3
Loans, borrowings and long-term debt instruments	1.6.11	232 969	214 069
Other long-term financial liabilities		5 056	7 662
Other long-term liabilities		25 593	19 854
<b>Short-term liabilities</b>		<b>481 109</b>	<b>450 777</b>
Liabilities and provisions on employee benefits		15	15
Other short-term provisions		24 142	14 222
Loans, borrowings and short-term debt instruments	1.6.11	110 926	60 338
Other short-term financial liabilities		6 587	8 462
Liabilities due to contracts with clients		0	0
Trade liabilities and other liabilities	1.6.12	333 036	361 018
Receivables from future terms		6 403	6 721
Liabilities connected to assets intended for sale		0	0
<b>Liabilities in total</b>		<b>981 188</b>	<b>900 817</b>



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## 1.4 CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

Item	01.01.-30.09.2019	01.01.-30.09.2018
<b>Profit (loss) before tax</b>	<b>31 128</b>	<b>28 929</b>
Adjustments:	12 247	15 263
Depreciation	7 290	5 706
Change of fair value of investment properties	0	0
Profit (loss) from sales of non-financial tangible assets	-161	-164
Profit (loss) on the sale of financial assets (other than derivatives)	0	0
Profits (losses) from foreign exchange differences	-111	0
Interests and shares in profits	5 229	9 721
Other adjustments	0	0
<b>Change in working capital</b>	<b>16 929</b>	<b>-106 359</b>
Changes in stocks	7 812	-46 706
Changes in receivables	20 511	-152 086
Changes in liabilities	-26 258	91 978
Changes of provisions and deferred charges	14 865	441
Other adjustments	-1	14
Income tax from profit before taxation	-6 971	-6 730
Income tax paid	3 489	7 552
<b>Net cash from operating activities</b>	<b>56 821</b>	<b>-61 346</b>
Expenses related to acquisition of intangible assets	-160	-604
Inflows from sales of intangible assets	0	0
Expenses related to acquisition of property, plant and equipment	-7 158	-15 020
Inflows from sales of property, plant and equipment	185	238
Expenses related to acquisition of investment properties	-26 958	0
Inflows from sales of investment properties	0	0
Net expenses for the acquisition of subsidiaries	0	-1 700
Repayments received from loans granted	0	0
Loans granted	0	0
Expenses related to acquisition of other financial assets	-22	-805
Inflows from sales of other financial assets	0	0
<b>Net cash from investment activities</b>	<b>-34 113</b>	<b>-17 891</b>
Net inflows from issue of shares	0	0
Acquisition of own shares	0	0
Inflows from issue of debt securities	29 550	127 477





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Redemption of debt securities	-9 338	-41 776
Inflows from loans and borrowings taken out	129 177	46 505
Repayment of loans and borrowings	-84 422	-26 352
Repayment of liabilities under finance lease	-6 903	-4 879
Interest paid	-9 673	-10 635
Dividends paid	0	-9 868
Inflows from received grants	0	0
Other inflows (expenses) from investment activities	0	0
<b>Net cash from financial activities</b>	<b>48 391</b>	<b>80 472</b>
Change in net cash and cash equivalents without foreign exchange differences	71 100	1 235
Change in cash and cash equivalents due to foreign exchange differences	2 976	0
Change in net cash and cash equivalents	74 076	1 235
<b>Cash and cash equivalents at the beginning of the period</b>	<b>62 981</b>	<b>61 523</b>
Cash and cash equivalents at the end of the period	137 057	62 758
Including cash of limited disposal right	19 284	37 458

## 1.5 CONDENSED INTERIM STATEMENT IN CHANGES IN CONSOLIDATED EQUITY

For period 01.01-30.09.2019

Item	Basic capital	Own shares (-)	Equity from sale of shares over its nominal value	Reserve capital from retained earnings	Other equities	Not divided retained earnings	The capital of non-controlling shareholders	Exchange differences on the conversion of subordinated entities	Total
<b>Balance as at beginning of period</b>	<b>8 363</b>	<b>0</b>	<b>26 309</b>	<b>154 590</b>	<b>0</b>	<b>2 263</b>	<b>1</b>	<b>0</b>	<b>191 525</b>
Error correction of previous years	0	0	0	0	0	0	0	0	0
Balance at the beginning of period after changes	8 363	0	26 309	154 590	0	2 263	1	0	191 525
Issue of shares	0	0	0	0	0	0	1	0	1
Dividends	0	0	0	0	0	0	0	0	0
Transfer of financial result to capital	0	0	0	30 383	0	-30 383	0	0	0
Transactions with owners in total	0	0	0	30 383	0	-30 383	1	0	1
Net profit (loss)	0	0	0	0	0	24 157	0	0	24 157
Other total comprehensive income	0	0	0	0	0	0	0	-1	-1
Comprehensive income	0	0	0	0	0	24 157	0	-1	24 156
<b>Balance at the end of period</b>	<b>8 363</b>	<b>0</b>	<b>26 309</b>	<b>184 972</b>	<b>0</b>	<b>-3 963</b>	<b>2</b>	<b>-1</b>	<b>215 682</b>



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For period 01.01-31.12.2018

Item	Basic capital	Own shares (-)	Equity from sale of shares over its nominal value	Reserve capital from retained earnings	Other equities	Not divided retained earnings	The capital of non-controlling shareholders	Exchange differences on the conversion of subordinated entities	Total
<b>Balance as at beginning of period</b>	<b>8 363</b>	<b>0</b>	<b>26 309</b>	<b>141 070</b>	<b>0</b>	<b>-8 282</b>	<b>1</b>	<b>-17</b>	<b>167 443</b>
Error correction of previous years	0	0	0	0	0	0	0	0	0
Balance at the beginning of period after changes	8 363	0	26 309	141 070	0	-8 282	1	-17	167 443
Issue of shares	0	0	0	0	0	0	1	0	1
Dividends	0	0	0	0	0	-9 868	0	0	-9 868
Transfer of financial result to capital	0	0	0	13 519	0	-13 519	0	0	0
Transactions with owners in total	<b>0</b>	<b>0</b>	<b>0</b>	<b>13 519</b>	<b>0</b>	<b>-23 387</b>	<b>1</b>	<b>0</b>	<b>-9 867</b>
Net profit (loss)	0	0	0	0	0	33 932	0	0	33 932
Other total comprehensive income	0	0	0	0	0	0	0	17	17
Comprehensive income	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33 932</b>	<b>0</b>	<b>17</b>	<b>33 949</b>
<b>Balance at the end of period</b>	<b>8 363</b>	<b>0</b>	<b>26 309</b>	<b>154 590</b>	<b>0</b>	<b>2 263</b>	<b>1</b>	<b>0</b>	<b>191 525</b>



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## **1.6 ADDITIONAL INFORMATION TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT**

### **1.6.1 PREPARATION RULES OF INTERIM CONDENSED SEPARATE FINANCIAL STATEMENT**

Interim condensed financial statement of the Dekpol Capital Group for 3 and 9 months ended 30<sup>th</sup> of September 2019 has been prepared in accordance with International Accounting Standards and International Financial Reporting Standards and related interpretations announced in the form of regulations of European Commission (hereinafter referred to as IFRS).

Interim condensed financial statement of the Dekpol Capital Group for 3 and 9 months ended 30<sup>th</sup> of September 2019 has been prepared under assumption of continuation of business by the Company in the foreseeable future. Statement presents financial position of Dekpol Capital Group as of 30<sup>th</sup> of September 2019 and 31<sup>st</sup> of December 2018, results achieved with the Group's operations and cash flow for the period of 3 and 9 months ended 30<sup>th</sup> of September 2019 and 30<sup>th</sup> of September 2018.

The accounting principles (policies) used to prepare the interim condensed consolidated financial statement are consistent with those used in the preparation of the Group's annual consolidated financial statement for the year ended 31<sup>st</sup> of December 2018. In the third quarter of 2019, there were no changes in the accounting principles (policies) applied.

In the reporting period there were no significant changes in the estimates or changes in the principles of determining the value of assets and liabilities and measurement of the financial result.

The consolidation was prepared using the full method and covered all entities included in the Capital Group.



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## 1.6.2 OPERATING SEGMENTS

### Revenues, result and other in the reporting period

Item	General contracting	Property development	Production of steel structures and accessories	Other	Total
Sales revenues in total	399 695	112 614	72 062	27 347	611 719
Operating expenses in total	374 827	106 178	62 891	34 833	578 729
Other operating revenues	0	0	0	8 494	8 494
Other operating expenses	0	0	0	4 029	4 029
Operating result	24 868	6 436	9 172	-3 021	37 455
Financial revenues	0	0	0	122	122
Financial expenses	0	0	0	6 449	6 449
Income tax	0	0	0	6 971	6 971
<b>Net result</b>	<b>24 868</b>	<b>6 436</b>	<b>9 172</b>	<b>-16 319</b>	<b>24 157</b>

### Revenues, result and other in previous reporting

Item	General contracting	Property development	Production of steel structures and accessories	Other	Total
Sales revenues in total	377 949	100 740	53 761	39 358	571 807
Operating expenses in total	350 152	95 419	48 642	41 729	535 942
Other operating revenues	0	0	0	2 956	2 956
Other operating expenses	0	0	0	4 152	4 152
Operating result	27 797	5 321	5 119	-3 567	34 669
Financial revenues	0	0	0	159	159
Financial expenses	0	0	0	5 899	5 899
Income tax	0	0	0	6 731	6 731
<b>Net result</b>	<b>27 797</b>	<b>5 321</b>	<b>5 119</b>	<b>-16 038</b>	<b>22 198</b>

## 1.6.3 COSTS OF MAJOR OPERATING ACTIVITIES

Item	01.01.-30.09.2019	01.01.-30.09.2018
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<b>Costs by type</b>	<b>609 007</b>	<b>595 498</b>
Depreciation	7 290	5 724
Consumption of materials and energy	186 213	200 287
Outsourced services	355 253	322 130
Taxes and fees	2 720	1 968
Remunerations	28 102	24 587
Employee benefits	7 242	6 919
Other costs by type	6 655	5 327
Cost of goods and materials sold	15 532	28 556
Movements in the balance of products	13 931	-54 303
Own work capitalized	-44 331	-5 254
Selling costs	-13 252	-16 186
General administrative expenses	-11 920	-12 887
<b>Own selling cost</b>	<b>553 435</b>	<b>506 870</b>

#### 1.6.4 OTHER OPERATING REVENUES

<b>Item</b>	<b>01.01.-30.09.2019</b>	<b>01.01.-30.09.2018</b>
Profit on disposal of non-financial fixed assets	169	234
Re-invoicing	0	0
Pricing of investment properties to fair value	0	0
Release of provisions	0	0
Penalties and compensations	1 358	1 634
Grants	395	380
Expired liabilities	0	0
Scrap yield	0	0
Bonus from turnover	0	0
inventory surpluses	210	0
Other titles	1 028	482
Impairment losses on inventories reversal in period (-)	1 620	0
Impairment losses on receivables reversal in period (-)	3 713	227
<b>Other operating revenues</b>	<b>8 494</b>	<b>2 956</b>

#### 1.6.5 OTHER OPERATIGN COSTS

<b>Item</b>	<b>01.01.-30.09.2019</b>	<b>01.01.-30.09.2018</b>
Impairment losses on inventories creation in the period	0	0



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Pricing of investment properties to fair value	0	0
Creation of reserves	2 221	0
Costs related to acquisition of subsidiaries	0	0
Costs of gap's removal and scrapping	0	107
Donations	241	1 631
Bonus from turnover	0	0
Inventory deficits	355	0
Write-down of receivables	0	0
Contractual penalties	15	0
Other titles	955	604
Damages to properties	40	19
Court fees	0	0
Re-invoicing costs	0	0
Compensations	203	199
Impairment losses on receivables creation in the period	0	1 593
Loss on disposal of non-financial fixed assets	0	0
<b>Other operating costs</b>	<b>4 029</b>	<b>4 152</b>

## 1.6.6 FINANCIAL REVENUES

Item	01.01.-30.09.2019	01.01.-30.09.2018
Interests	122	158
Surplus of positive exchange differences over the negative ones	0	0
Reversal of write-offs	0	0
Profit from sale of financial assets	0	0
Dividends	0	1
Other financial revenues	0	0
<b>Financial revenues</b>	<b>122</b>	<b>159</b>



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### 1.6.7 FINANCIAL EXPENSES

Item	01.01.-30.09.2019	01.01.-30.09.2018
Interests	6 141	5 205
Surplus of negative exchange differences over the positive ones	149	694
Loss from sale of financial assets	0	0
Write-offs	0	0
Other financial expenses	160	0
<b>Financial expenses</b>	<b>6 449</b>	<b>5 899</b>

### 1.6.8 INCOME TAX

Item	01.01.-30.09.2019	01.01.-30.09.2018
Current income tax	2 029	1 113
Current income tax for reporting period	2 029	1 113
Current income tax for previous periods covered in financial result	0	0
Deferred income tax	4 943	5 618
Deferred tax-creation and reversal of temporary differences (+)	5 946	0
Deferred income tax settlement of unused tax losses	0	170
Deferred tax-creation and reversal of temporary differences (-)	1 003	-5 448
<b>Income tax</b>	<b>6 971</b>	<b>6 731</b>

### 1.6.9 INVENTORIES

Item	30.09.2019	31.12.2018
Materials balance value	27 302	36 884
Goods balance value	776	2 235
Semi-finished products and work in progress balance value	3 219	4 198
Finished products balance value	3 087	21 256
Premises under construction balance value	246 152	180 707
Finished premises balance value	58 768	95 306
<b>Inventories</b>	<b>339 304</b>	<b>340 586</b>

### 1.6.10 TRADE RECEIVABLES AND OTHER RECEIVABLES

Item	30.09.2019	31.12.2018
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Net receivables due to contracts with clients	118 835	186 117
Trade receivables before revaluation write-off	124 223	195 215
Write-offs at the end of the period (-)	5 389	9098
Current tax income	392	1 607
Receivables from dividends - short-term	0	0
Receivables on account of other taxes, customs duties and social insurance	16 439	13 052
Deposits due to valuation of construction agreements balance value	36 852	15 405
Write-offs at the end of the period (-)	870	879
Deposits due to valuation of construction agreements before revaluation write-off	37 722	16 284
Deposits from other titles	0	0
Receivables and advance payments balance value	36 968	14 726
Write-offs at the end of the period (-)	377	377
Receivables and advance payments before revaluation write-off	37 345	15 103
Other receivables balance value	7 852	2 559
Write-offs at the end of the period (-)	0	0
Other receivables value before revaluation write-off	7 852	2 559
<b>Trade receivables and other receivables</b>	<b>217 337</b>	<b>233 464</b>



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## 1.6.11 FINANCIAL INSTRUMENTS

### Financial instruments – assets

Item	30.09.2019	31.12.2018
Stocks and shares in subsidiaries	0	0
Stocks and shares in affiliates and jointly controlled entities	0	0
Cash and cash equivalents	137 057	65 957
Financial assets evaluated at fair value through financial result	0	0
Financial assets available for sale	0	0
Financial assets held to maturity	0	0
Receivables valued in nominal value	223 972	235 340
Trade receivables and other receivables	217 337	233 464
Receivables from dividends - short-term	0	0
Loans and receivables	0	2 499
<b>Financial assets</b>	<b>354 394</b>	<b>301 920</b>

### Financial instruments – liabilities

Item	30.09.2019	31.12.2018
Liabilities evaluated at depreciated cost	355 538	281 616
Liabilities evaluated at fair value through financial result	0	0
Liabilities evaluated at nominal value	358 629	389 781
Financial liabilities	714 167	671 397



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### Liabilities of Dekpol S.A.:

Loans and borrowings as of 30.09.2019	Loan value	Balance	Curren- cy	Interest rate	Date of repayment
<b>Long-term</b>					
loan SGB-Bank agreement OBRKK/12/2017/63280	30 000	29 999	PLN	WIBOR 3M + margin	31.12.2020
loan BOŚ Bank agreement S/91/01/2019/1098/K/KI	8 000	7 589	PLN	WIBOR 3M + margin	31.12.2028
loan BOŚ Bank agreement S/92/01/2019/1098/K/KOO	13 000	10 199	PLN	WIBOR 3M + margin	16.10.2020
loan BS Skórcz/BS Malbork/ Puck agreement Z/82/O/19	9 000	3 277	PLN	WIBOR 3M + margin	31.03.2021
<b>Loans and borrowings total long-term</b>		<b>51 064</b>	-	-	-
<b>Short-term</b>					
loan mBank agreement 10/034/19/Z/LF	15 000	10 330	PLN	WIBOR 1M + margin	28.05.2020
loan mBank agreement 10/033/19/Z/VV	10 000	4 624	PLN	WIBOR O/N + margin	28.05.2020
loan ING Bank Śląski agreement 891/2017/00000901/00	5 000	1 563	PLN	WIBOR 1M + margin	16.01.2020
loan Santander agreement K01263/17	6 000	2 828	PLN	WIBOR 1M + margin	22.12.2019
loan Santander agreement K00520/19	40 000	40 000	PLN	WIBOR 1M + margin	07.10.2019*
loan BGŻ BNP PARIBAS agreement WAR/4100/15/348/CB	3 000	2 353	PLN	WIBOR 3M + margin	10.12.2019
loan BGŻ BNP PARIBAS agreement WAR/4100/15/348/CB	14 000	8 275	PLN	WIBOR 3M + margin	10.12.2019
loan BS Wschowa agreement 164/IWS/2018	18 000	12 896	PLN	WIBOR 1M + margin	19.08.2020
factoring		11 763	PLN		
other			PLN		
<b>Loans and borrowings total short-term</b>		<b>94 632</b>	-	-	-

\* loan repaid on time

Loans and borrowings as of 31.12.2018	Loan value	Balance	Curren- cy	Interest rate	Date of repayment
<b>Long-term</b>					
loan SGB-Bank agreement OBRKK/12/2017/63280	30 000	29 999	PLN	WIBOR 3M + margin	31.12.2020
<b>Loans and borrowings total long-term</b>		<b>29 999</b>	-	-	-
<b>Short-term</b>					
kredyt mBank agreement	14 000	7 989	PLN	WIBOR O/N + margin	03.04.2019



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10/020/17/Z/VV					
loan ING Bank Śląski agreement 891/2017/00000901/00	5 000	4 252	PLN	WIBOR 1M + margin	16.01.2019
loan Santander agreement K01263/17	6 000	4 452	PLN	WIBOR 1M + margin	22.12.2019
loan BGŻ BNP PARIBAS agreement WAR/4100/15/348/CB	3 000	1 624	PLN	WIBOR 3M + margin	10.12.2019
loan BGŻ BNP PARIBAS agreement WAR/4100/15/348/CB	14 000	13 199	PLN	WIBOR 3M + margin	10.12.2019
loan SGB-Bank agreement OBRKK/6/2018/72360	20 000	938	PLN	WIBOR 3M + margin	07.06.2019
loan mBank agreement 10/033/18/Z/OB	10 682	573	PLN	WIBOR 1M + margin	29.11.2019
loan BS Wschowa agreement 164/IWS/2018	18 000	17 450	PLN	WIBOR 1M + margin	19.08.2019
loan Santander agreement K01036/18	26 300	10 428	PLN	WIBOR 1M + margin	31.05.2019
other		6	PLN		
<b>Loans and borrowings total short-term</b>		<b>60 911</b>	-	-	-

Bonds as of the end of reporting period 30.09.2019	Value*	Balance*	Currency	Interest rate	Date of repayment
<b>Long-term</b>					
Bonds series DA	15 000	15 000	PLN	WIBOR 6M+ margin	30.04.2021
Bonds series DB	20 000	20 000	PLN	WIBOR 6M+ margin	30.04.2021
Bonds series F2	8 000	300	PLN	WIBOR 3M+ margin	04.01.2022
Bonds series F3	9 000	8 824	PLN	WIBOR 3M+ margin	04.01.2022
Bonds series F4	13 000	13 000	PLN	WIBOR 3M+ margin	04.01.2022
Bonds series G	76 880	76 880	PLN	WIBOR 6M+ margin	08.03.2021
Bonds series H	15 000	15 000	PLN	WIBOR 6M+ margin	08.03.2021
<b>Bonds total long-term</b>		<b>149 004</b>	-	-	-
<b>Short-term</b>					
	0	0	PLN		
<b>Bonds total short-term</b>		<b>0</b>	-	-	-

\* nominal value

Bonds as of the end of reporting period 31.12.2018	Value*	Balance*	Currency	Interest rate	Date of repayment
<b>Long-term</b>					
Bonds series DA	15 000	15 000	PLN	WIBOR 6M+ margin	30.04.2021
Bonds series DB	20 000	20 000	PLN	WIBOR 6M+ margin	30.04.2021
Bonds series F1	17 000	1 685	PLN	WIBOR 3M+ margin	04.01.2022
Bonds series F2	8 000	7 777	PLN	WIBOR 3M+ margin	04.01.2022
Bonds series F3	9 000	9 000	PLN	WIBOR 3M+ margin	04.01.2022
Bonds series F4	13 000	13 000	PLN	WIBOR 3M+ margin	04.01.2022



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Bonds series G	76 880	76 880	PLN	WIBOR 6M+ margin	08.03.2021
Bonds series H	15 000	15 000	PLN	WIBOR 6M+ margin	08.03.2021
<b>Bonds total long-term</b>		<b>158 342</b>	-	-	-
<b>Short-term</b>					
	0	0	PLN		
<b>Bonds total short-term</b>		<b>0</b>	-	-	-

\* nominal value

### Liabilities of companies from the Dekpol Capital Group

Loans and borrowings as of 30.09.2019	Company	Loan value	Balance	Currency	Interest rate	Date of repayment
<b>Long-term</b>						
loan mBank S.A. agreement 10/001/19/Z/OB	Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k.	45 700	4 054	PLN	WIBOR 1M + margin	30.11.2020
<b>Loans and borrowings Total long-term</b>			<b>4 054</b>	-	-	-
<b>Short-term</b>						
loan BS Wschowa agreement 175/IWS/2019	Dekpol Inwestycje Sp. z o.o. Development Sp. k.	5 556	5 109	PLN	WIBOR 1M + margin	21.07.2020
borrowing Eco Milan Sp. z o.o.	Nordic Milan Sp. z o.o.	8 286	7 286	PLN	contractual fixed interest rate	31.03.2020
borrowing Eco Milan Sp. z o.o.	Nordic Milan Sp. z o.o.	13	13	PLN	contractual fixed interest rate	31.03.2020
borrowing Nordic Development S.A.	Nordic Milan Sp. z o.o.	2	2	PLN	contractual fixed interest rate	31.03.2020
borrowing Nordic Development S.A.	Nordic Milan Sp. z o.o.	13	13	PLN	contractual fixed interest rate	31.03.2020
<b>Loans and borrowings total short-term</b>			<b>12 423</b>	-	-	-

Loans and borrowings as of 31.12.2018	Company	Loan value	Balance	Currency	Interest rate	Date of repayment
<b>Long-term</b>						
borrowing Eco Milan Sp. z o.o.	Nordic Milan Sp. z o.o.	8 286	8 286	PLN	contractual fixed interest rate	31.03.2020
borrowing Eco Milan Sp. z o.o.	Nordic Milan Sp. z o.o.	13	13	PLN	contractual fixed interest rate	31.03.2020
borrowing Nordic Development S.A.	Nordic Milan Sp. z o.o.	2	2	PLN	contractual fixed interest rate	31.03.2020



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borrowing Nordic Development S.A.	Nordic Milan Sp. z o.o.	13	13	PLN	contractual fixed interest rate	31.03.2020
<b>Loans and borrowings Total long-term</b>			<b>8 314</b>	-	-	-
<b>Short-term</b>						
loan BOŚ Bank agreement S/58/01/2017/1157/K/KON/EKO	Nordic Milan Sp. z o.o.	27 975	15 000	PLN	WIBOR 3M + margin	30.11.2019
loan BOŚ Bank agreement S/59/01/2017/1157/K/KON/EKO	Nordic Milan Sp. z o.o.	2 000	1 991	PLN	WIBOR 3M + margin	30.11.2019
other						
<b>Loans and borrowings total short-term</b>			<b>16 991</b>	-	-	-

Bonds as of the end of reporting period 30.09.2019	Value*	Balance*	Currency	Interest rate	Date of repayment
<b>Long-term</b>					
Bonds series A (Dekpol Deweloper Sp. z o.o.)	30 000	30 000	PLN	WIBOR 6M+ marża	19.06.2022
<b>Bonds total long-term</b>		<b>30 000</b>	-	-	-
<b>Short-term</b>					
	0	0	PLN	-	-
<b>Bonds total short-term</b>		<b>0</b>	-	-	-

\* nominal value

Bonds as of the end of reporting period 31.12.2018	Value*	Balance*	Currency	Interest rate	Date of repayment
<b>Long-term</b>					
	0	0	PLN	-	-
<b>Bonds total long-term</b>		<b>0</b>	-	-	-
<b>Short-term</b>					
	0	0	PLN	-	-
<b>Bonds total short-term</b>		<b>0</b>	-	-	-

\* nominal value

## 1.6.12 TRADE LIABILITIES AND OTHER LIABILITIES

Item	30.09.2019	31.12.2018
Trade liabilities	125 851	181 299
Liabilities due to remunerations	1 567	1 475



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Liabilities due to current income tax	0	894
Liabilities due to other taxes, duties and social securities	9 155	24 821
Short-term received bails	15 727	12 966
Prepayments and deposits received for supplies	180 593	139 358
Other short-term liabilities	142	205
<b>Trade and other liabilities</b>	<b>333 036</b>	<b>361 018</b>



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## 1.7 CONTRACTS FOR CONSTRUCTION SERVICES – ACTIVE AGREEMENTS THAT WILL BE PAID UNTIL THE BALANCE SHEET DATE

<b>Assets under construction contracts</b>	<b>01.01.-30.09.2019</b>	<b>01.01.-31.12.2018</b>
Balance as at beginning of period	48 493	16 075
Impairment loss	0	0
Measurement adjustment	0	0
Transfer to receivables (invoicing)	48 493	-16 075
Balance at the end of period	42 724	48 493
Balance at the end of the period	42 724	48 493

<b>Liabilities under construction contracts</b>	<b>01.01.-30.09.2019</b>	<b>01.01.-31.12.2018</b>
Balance as at beginning of period	0	184
Measurement adjustment	0	0
Transfer to revenues (performance)	0	-184
Balance at the end of period	0	0
Balance at the end of the period	0	0

<b>Other liabilities related to contracts with clients</b>	<b>01.01.-30.09.2019</b>	<b>01.01.-31.12.2018</b>
Balance as at beginning of period	129 989	68 468
Advances paid	136 653	214 109
Transfer to receivables (invoicing)	86 049	-152 588
Balance at the end of the period	180 593	129 989

<b>Total transaction price attributed to benefits that were not met</b>	<b>01.01.-30.09.2019</b>	<b>01.01.-31.12.2018</b>
Construction services contracts	101 337	365 351
Sale of premises	243 362	474 139
Other	0	0





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## 2. CONDENSED INTERIM SEPARATE FINANCIAL STATEMENT

### 2.1 SELECTED SEPARATE FINANCIAL DATA

Item	thousand of PLN 01.01.2019 - 30.09.2019	thousand of PLN 01.01.2018 - 30.09.2018	thousand of EUR 01.01.2019 - 30.09.2019	thousand of EUR 01.01.2018 - 30.09.2018
I. Net revenue from sales of products, goods, and materials	647 665	605 900	150 319	142 447
II. Profit (loss) on operating activity	39 332	29 263	9 129	6 880
III. Profit (loss) before tax	35 127	16 685	8 153	3 923
IV. Net profit (loss)	27 728	16 169	6 436	3 801
V. Earnings (loss) per ordinary share (in PLN / EUR)	3,32	1,93	0,77	0,45
VI. Net cash flows from operating activity	35 915	-47 199	8 336	-11 097
VII. Net cash flows from investment activity	-16 603	-36 101	-3 853	-8 487
VIII. Net cash flows from financial activity	27 780	79 722	6 448	18 743
IX. Total net cash flows	47 092	-3 578	10 930	-841

	thousand of PLN 30.09.2019	thousand of PLN 31.12.2018	thousand of EUR 30.09.2019	thousand of EUR 31.12.2018
X. Total assets	850 257	895 917	194 407	208 353
XI. Liabilities and provisions for liabilities	607 063	680 452	138 802	158 245
XII. Long-term liabilities	246 586	240 393	56 381	55 905
XIII. Short-term liabilities	360 477	440 059	82 421	102 339
XIV. Equity	243 193	215 465	55 605	50 108
XV. Share capital	8 363	8 363	1 912	1 945
XVI. Number of shares at the end of the period	8 362 549	8 362 549	8 362 549	8 362 549
XVII. Book value per share (in PLN / EUR)	29	26	7	6

Individual items of Condensed Interim Separate Statement of Financial Position, which have been presented in EUR currency, have been converted based on the



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average exchange rate set by the Polish National Bank for the day 30.09.2019: 4,3736 PLN/EUR and for the day 31.12.2018: 4,3000 PLN/EUR.

Individual items of Condensed Interim Separate Financial Statement of Comprehensive Income and Condensed Interim Separate Cash Flow Statement have been converted into EUR based the arithmetic average of average exchange rates for EUR set by the Polish National Bank on the last day of each month of given period 01.01-30.09.2019: 4,3086 PLN/EUR, and 01.01-30.09.2018: 4,2535 PLN/EUR.

## 2.2 CONDENSED INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME

Item	01.01.- 30.09.2019	01.07.- 30.09.2019	01.01.- 30.09.2018	01.07.- 30.09.2018
Sales revenues	647 665	198 092	605 900	229 321
Costs of goods sold	588 919	180 433	542 040	208 356
<b>Gross profit (loss) from sales</b>	<b>58 746</b>	<b>17 660</b>	<b>63 859</b>	<b>20 964</b>
Selling costs	13 150	4 861	22 011	5 814
General administrative expenses	11 182	4 406	11 312	3 509
Other operating revenues	8 012	2 034	2 462	528
Other operating costs	3 095	400	3 735	14
<b>Profit (loss) from operating activities</b>	<b>39 332</b>	<b>10 028</b>	<b>29 263</b>	<b>12 156</b>
Share in profit (loss) in entities priced by ownership value method	0	0	0	0
Financial revenues	381	162	13 082	12 978
Financial expenses	4 585	850	25 660	15 467
<b>Profit (loss) before tax</b>	<b>35 127</b>	<b>9 340</b>	<b>16 685</b>	<b>9 668</b>
Income tax	7 399	2 457	516	1 471
<b>Profit (loss) from continued operations</b>	<b>27 728</b>	<b>6 882</b>	<b>16 169</b>	<b>8 197</b>
<b>Net profit (loss)</b>	<b>27 728</b>	<b>6 882</b>	<b>16 169</b>	<b>8 197</b>
Exchange differences on the conversion of foreign operations	0	0	0	0
Other net comprehensive income	0	0	0	0
<b>Comprehensive income</b>	<b>27 728</b>	<b>6 882</b>	<b>16 169</b>	<b>8 197</b>



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## 2.3 CONDENSED INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION

Item	30.09.2019	31.12.2018
<b>Fixed assets</b>	<b>365 128</b>	<b>298 028</b>
Property, plant and equipment	70 491	68 868
Investment properties	35 618	36 129
Intangible assets	283	307
Stocks and shares	238 011	179 689
Receivables	3 611	1 875
Other long-term financial assets	11 337	3 643
Long-term deferred charges	0	0
Assets due to deferred income tax	5 776	7 517
<b>Current assets</b>	<b>485 129</b>	<b>597 889</b>
Inventory	80 910	180 707
Receivables due to contracts with clients	64 126	72 119
Trade receivables and other receivables	239 152	291 627
Other short-term financial assets	908	0
Shared In Open Investment Funds	0	0
Short-term deferred charges	1 479	1 974
Cash and cash equivalent	98 554	51 461
Including cash on escrow accounts	160	21 790
Assets classified as held for sale	0	0
<b>Assets in total</b>	<b>850 257</b>	<b>895 917</b>



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Item	30.09.2019	31.12.2018
<b>Equity</b>	<b>243 193</b>	<b>215 465</b>
Share capital	8 363	8 363
Equity from sales of shares over its nominal value	26 309	26 309
Other equities	180 793	150 410
Own shares (-)	0	0
Profit (loss) from previous years	0	0
Current result	27 728	30 383
<b>Long-term liabilities</b>	<b>246 586</b>	<b>240 393</b>
Deferred income tax provision	29 031	24 602
Liabilities and provisions on employee benefits	107	107
Other long-term provisions	0	0
Long-term credits, borrowings and debt instruments	198 588	188 169
Other long-term financial liabilities	5 056	7 662
Other long-term liabilities	13 804	19 854
<b>Short-term liabilities</b>	<b>360 477</b>	<b>440 059</b>
Liabilities and provisions on employee benefits	15	15
Other short-term provisions	23 684	14 116
Short-term credits, borrowings and debt instruments	97 908	60 338
Other short-term financial liabilities	6 581	8 456
Liabilities due to contracts with clients	0	0
Trade liabilities and other liabilities	225 971	350 436
Receivables from future terms	6 318	6 697
Liabilities connected to assets intended for sale	0	0
<b>Liabilities in total</b>	<b>850 257</b>	<b>895 917</b>



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## 2.4 CONDENSED INTERIM CASH FLOW STATEMENT

Item	01.07.-30.09.2019	01.01.-30.09.2018
<b>Profit (loss) before tax</b>	<b>35 127</b>	<b>16 685</b>
Adjustments:	10 322	34 580
Depreciation	6 948	5 657
Change of fair value of investment properties	-161	0
Profit (loss) from sales of non-financial tangible assets	0	0
Profit (loss) from sales of financial assets (other than derivatives)	0	19 215
Profits (losses) from foreign exchange differences	-111	0
Interests and shares in profits	3 646	9 708
Change of working capital	-4 394	-104 152
Income tax from profit before taxation	-7 399	-516
Income tax paid	2 259	6 204
<b>Net cash from operating activities</b>	<b>35 915</b>	<b>-47 199</b>
Expenses related to acquisition of intangible assets	-160	-604
Inflows from sales of intangible assets	0	0
Expenses related to acquisition of property, plant and equipment	-7 114	-14 826
Inflows from sales of property, plant and equipment	185	238
Expenses related to acquisition of investment properties	-5	0
Inflows from sales of investment properties	0	0
Net inflows from sales of subsidiaries	-80	0
Expenses related to acquisition of subsidiaries	0	-20 087
Repayments received from loans granted	0	0
Expenses related to acquisition of other financial assets	-22	-809
Inflows from sales of other financial assets	0	0
Loans granted	-9 540	-53
Interest received	133	40
Dividends received	0	0
<b>Net cash from investment activities</b>	<b>-16 603</b>	<b>-36 101</b>
Net inflows from issue of shares	0	0
Inflows from issue of debt securities	0	127 337
Other inflows (expenses) from financial activities	0	0
Inflows from received grants	0	0
Redemption of debt securities	-9 338	-41 776
Inflows from loans and borrowings taken out	120 013	46 505



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Repayment of loans and borrowings	-66 431	-26 352
Repayment of liabilities under finance lease	-6 903	-4 879
Interest paid	- 9 561	-11 245
Dividends paid	0	-9 868
<b>Net cash from financial activities</b>	<b>27 780</b>	<b>79 722</b>
Change in net cash and cash equivalents	47 092	-3 578
<b>Cash and cash equivalents at the beginning of the period</b>	<b>51 461</b>	<b>60 344</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>98 554</b>	<b>56 766</b>
Including cash of limited disposal right	160	34 256



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## 2.5 CONDENSED INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

Data for period 01.01 – 30.09.2019

Item	Share capital	Own shares (-)	Capital from the sale of shares above their nominal value	Reserve capital from retained earnings	Other capitals	Unallocated retained earnings	The capital of non-controlling shareholders	Exchange differences on the conversion of subordinated entities	Total
<b>Balance at the beginning of the period</b>	<b>8 363</b>	<b>0</b>	<b>26 309</b>	<b>150 410</b>	<b>0</b>	<b>30 383</b>	<b>0</b>	<b>0</b>	<b>215 465</b>
Error corrections of previous years	0	0	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0	0	0
Issue of shares	0	0	0	0	0	0	0	0	0
Transfer of financial result to capital	0	0	0	30 383	0	-30 383	0	0	0
<b>Total transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30 383</b>	<b>0</b>	<b>-30 383</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net profit (loss)	0	0	0	0	0	27 728	0	0	27 728
Other total net income	0	0	0	0	0	0	0	0	0
Total income	0	0	0	0	0	27 728	0	0	27 728
<b>Balance at the end of the period</b>	<b>8 363</b>	<b>0</b>	<b>26 309</b>	<b>180 793</b>	<b>0</b>	<b>27 728</b>	<b>0</b>	<b>0</b>	<b>243 193</b>



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Data for period 01.01 – 31.12.2018

Item	Share capital	Own shares (-)	Capital from the sale of shares above their nominal value	Reserve capital from retained earnings	Other capitals	Unallocated retained earnings	The capital of non-controlling shareholders	Exchange differences on the conversion of subordinated entities	Total
<b>Balance at the beginning of the period</b>	<b>8 363</b>	<b>0</b>	<b>26 309</b>	<b>139 674</b>	<b>0</b>	<b>20 604</b>	<b>0</b>	<b>0</b>	<b>194 950</b>
Error corrections of previous years	0	0	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	-9 868	0	0	-9 868
Issue of shares	0	0	0	0	0	0	0	0	0
Transfer of financial result to capital	0	0	0	10 737	0	-10 737	0	0	0
<b>Total transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10 737</b>	<b>0</b>	<b>-20 604</b>	<b>0</b>	<b>0</b>	<b>-9 868</b>
Net profit (loss)	0	0	0	0	0	30 383	0	0	30 383
Other total net income	0	0	0	0	0	0	0	0	0
Total income	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30 383</b>	<b>0</b>	<b>0</b>	<b>30 383</b>
<b>Balance at the end of the period</b>	<b>8 363</b>	<b>0</b>	<b>26 309</b>	<b>150 410</b>	<b>0</b>	<b>30 383</b>	<b>0</b>	<b>0</b>	<b>215 465</b>





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## 2.6 ADDITIONAL INFORMATION TO CONDENSED SEPARATE FINANCIAL STATEMENT

### RULES FOR PREPARING AN INTERIM CONDENSED SEPARATE FINANCIAL STATEMENT

Interim condensed separate financial statement of Dekpol S.A. for the period of 3 and 9 months ended 30<sup>th</sup> of September 2019 was prepared in accordance with International Accounting Standards and International Financial Reporting Standards and related interpretations announced in the form of European Commission regulations (hereinafter referred to as IFRS).

Interim condensed separate financial statement of Dekpol S.A. for the period 3 and 9 months ended 30<sup>th</sup> of September 2019 was prepared assuming that the Company would continue as a going concern in the foreseeable future. The report presents the financial situation of Dekpol S.A. as at 30<sup>th</sup> of September 2019 and 31<sup>st</sup> of December 2018, the results achieved on the operations of the Company and cash flows for the periods of 3 and 9 months ended 30<sup>th</sup> of September 2019 and 30<sup>th</sup> of September 2018.

The accounting principles (policies) used to prepare the interim condensed financial statement are consistent with those used in the preparation of the Company's annual financial statement for the year ended 31<sup>st</sup> of December 2018. In the third quarter of 2019, there were no changes in the accounting principles (policies) applied.

In the reporting period, there were no significant changes in the estimates or changes in the principles of determining the value of assets and liabilities and measurement of the financial result.



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## 3. ADDITIONAL INFORMATION TO EXTENDED CONSOLIDATED REPORT FOR 3<sup>RD</sup> QUARTER 2019 FOR DEKPOL CAPITAL GROUP

### 3.1 INFORMATION ABOUT DEKPOL CAPITAL GROUP

#### 3.1.1 BUSINESS ACTIVITIES

The principal activities of the DEKPOL Capital Group are as follows:

- general contracting in terms of industrial facilities, public utilities, sports and recreation facilities, environmental protection facilities, as well as sanitary, road and hydrotechnical works;
- real estate development - construction, finishing and sale of housing estates, single-family housing estates, luxury apartment buildings, condo hotels and retail and service areas;
- production of equipment for construction machines.

#### 3.1.2 STRUCTURE OF DEKPOL CAPITAL GROUP

As of 30<sup>th</sup> of September 2019 and as at publication date of this report Dekpol Capital Group is composed of Dekpol S.A. as the parent entity and twenty-two subsidiaries.

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#### Subsidiaries

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Dekpol 1 Sp. z o.o.	direct	Dekpol Royalties Sp. z o.o.	indirect via Dekpol 1 Sp. z o.o. S.K.A.
Dekpol 1 Sp. z o.o. S.K.A.	direct	Almond Sp. z o.o.	indirect via Dekpol 1 Sp. z o.o. S.K.A.
UAB DEK LT Statyba (Litwa)	direct	Dekpol Inwestycje Sp. z o.o.	indirect via Dekpol Deweloper Sp. z o.o.
Dekpol Deweloper Sp. z o.o.	direct	Dekpol Pszena Sp. z o.o.	indirect via Dekpol Deweloper Sp. z o.o.



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Betpref Sp. z o.o.	direct	Nordic Milan Sp. z o.o.	indirect via Dekpol Deweloper Sp. z o.o.
		Smartex Sp. z o. o	indirect via Dekpol Deweloper Sp. z o.o.
		Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k.	indirect via Dekpol Deweloper Sp. z o.o. and Dekpol Inwestycje Sp. z o.o.
		Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k.	indirect via Dekpol Deweloper Sp. z o.o. and Dekpol Inwestycje Sp. z o.o.
		Dekpol Inwestycje Sp. z o.o. Development Sp. k.	indirect via Dekpol Deweloper Sp. z o.o. and Dekpol Inwestycje Sp. z o.o.
		Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k	indirect via Dekpol Deweloper Sp. z o.o. and Dekpol Inwestycje Sp. z o.o.
		Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k.	indirect via Dekpol Deweloper Sp. z o.o. and Dekpol Inwestycje Sp. z o.o.
		Dekpol Pszenna Sp. z o.o. Sp.k	indirect via Dekpol Deweloper Sp. z o.o. and Dekpol Pszenna Sp. zo.o.
		Dekpol Inwestycje Sp. z o.o. WBH Sp. k.	indirect via Dekpol Deweloper Sp. z o.o. and Dekpol Inwestycje Sp. z o.o.
		Dekpol Inwestycje Sp. z o.o. Osiedle Zielone Sp. k.	indirect via Dekpol Deweloper Sp. z o.o. and Dekpol Inwestycje Sp. z o.o.
		Dekpol Inwestycje Sp. z o.o. Grano Resort Sp. k.	indirect via Dekpol Deweloper Sp. z o.o. and Dekpol Inwestycje Sp. z o.o.
		Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k.	indirect via Dekpol Deweloper Sp. z o.o. and Dekpol Inwestycje Sp. z o.o.
		Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp. k.	indirect via Dekpol Deweloper Sp. z o.o. and Dekpol Inwestycje Sp. z o.o.

#### Direct subsidiaries of Dekpol S.A.:

1) Dekpol 1 Sp. z o.o. - general partner of DEKPOL 1 Sp. z o.o. SKA;



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2) Dekpol 1 Sp. z o.o. S.K.A. - is responsible in DEKPOL Group for subsidiaries management, established for execution of specialized tasks and intangible and intellectual assets in DEKPOL Capital Group;

3) UAB DEK LT Statyba – company established to support the Company's operations in Lithuania, as well as to manage future contracts in the General Contractor implemented in Lithuania;

4) Dekpol Deweloper Sp. z o.o. - the purpose of the creation was to separate an organized part of the Dekpol S.A. covering the property development activity and transferring it in kind to this company, what happened on 1<sup>st</sup> of January 2019;

5) Betpref Sp. z o.o. – a company established to ensure the continuity of deliveries of precast concrete products used in the performance of contracts in general contracting.

#### **Indirect subsidiaries of Dekpol S.A. (through Dekpol 1 Sp. z o.o. S.K.A.):**

1) Dekpol Royalties Sp. z o.o. - the Company responsible in DEKPOL Capital Group for brand management in the context of its image and product promotion (the Management Board plans to liquidate the company in 2019);

2) Almond Sp. z o.o. - the Company and owner of real-estate property in Gdańsk at Toruńska Street 12 (Hotel Almond).

#### **Indirect subsidiaries of Dekpol S.A. (through Dekpol Deweloper Sp. z o.o.):**

1) Dekpol Inwestycje Sp. z o.o. – general partner for special purpose vehicles implementing individual property development projects in the Dekpol Capital Group (Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k.; Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k.; Dekpol Inwestycje Sp. z o.o. Development Sp. k., Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k., Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k., Dekpol Inwestycje Sp. z o.o. WBH Sp. k., Dekpol Inwestycje Sp. z o.o. Osiedle Zielone Sp. k., Dekpol Inwestycje Sp. z o.o. Grano Resort Sp. k., Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k., Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp. k.);

2) Dekpol Pszena Sp. z o.o. – a special purpose vehicle for the implementation of a development investment at Pszena street in Gdańsk;

3) Nordic Milan Sp. z o.o. - the company operates in the property development industry; owns a land property in Milanówek, where the property development project was implemented;

4) Smartex Sp. z o. o. - owner of a plot of land in Wrocław at Braniborska street, where the Company, together with a natural person who owns 37.7% of shares in



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Smartex, intends to jointly implement a property development project. Dekpol Deweloper Sp. z o.o. holds 62.3% shares in Smartex and the right to purchase 37.7% shares in Smartex. A special purpose vehicle was established for the implementation of the investment - Dekpol Inwestycje Sp. z o.o. Braniborska Sp.k.

**Indirect subsidiary of Dekpol S.A. (through Dekpol Deweloper Sp. z o.o. and Dekpol Pszenna Sp. z o.o.):**

1) Dekpol Pszenna Sp. z o.o. Sp.k. – a special purpose entity for the implementation of a development investment named Grano Residence in Gdańsk at Pszenna street.

**Indirect subsidiaries of Dekpol S.A. (through Dekpol Deweloper Sp. z o.o. and Dekpol Inwestycje Sp. z o.o.):**

- 1) Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k. – a special purpose entity for the implementation of a development investment under the name Pastelowa in Gdańsk;
- 2) Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k. – special purpose entity for the implementation of development investments in Rokitki and Śliwiny near Tczew;
- 3) Dekpol Inwestycje Sp. z o.o. Development Sp. k. – special purpose entity to carry out smaller development investments, including in Jurata and Hel;
- 4) Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k. – a special purpose entity for the implementation of a development investment in Wrocław;
- 5) Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k. – special purpose entity for the implementation of a development investment named Foresta in Gdańsk;
- 6) Dekpol Inwestycje Sp. z o.o. Grano Resort Sp. k. - a special purpose entity for the implementation of a development investment in Gdańsk on the Sobieszewska Island;
- 7) Dekpol Inwestycje Sp. z o.o. WBH Sp. k. - a special purpose entity for the implementation of a property development investment in Warsaw;
- 8) Dekpol Inwestycje Sp. z o.o. Osiedle Zielone Sp. k. - a special purpose entity for the implementation of a development investment in Gdańsk;
- 9) Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k. a special purpose entity for the implementation of a development investment in Wiślinka;
- 10) Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp. k. - special purpose entity to carry out smaller development investments in Gdańsk on the Sobieszewska Island.



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Dekpol S.A. holds 100% shares in: Dekpol 1 Sp. z o.o., UAB DEK LT Statyba, Betpref Sp. z o.o., Dekpol Deweloper Sp. z o.o. and 100% shares in Dekpol 1 Sp. z o.o. S.K.A

Dekpol 1 Sp. z o.o. S.K.A. holds 100% shares in Dekpol Royalties Sp. z o.o. and Almond Sp. z o.o.

Dekpol Deweloper Sp. z o.o. owns 100% shares in Nordic Milan Sp. z o.o., Dekpol Pszenna Sp. z o.o. and Dekpol Inwestycje Sp. z o.o.

Dekpol Deweloper Sp. z o.o. owns 62.3% shares in Smartex Sp. z o.o. and the right to purchase 37.7% of shares in Smartex Sp. z o.o.

Dekpol Deweloper Sp. z o.o. is a limited partner of Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k.; Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k.; Dekpol Inwestycje Sp. z

o.o. Development Sp. k., Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k., Dekpol Inwestycje Sp. z o.o. WBH Sp. k., Dekpol Inwestycje Sp. z o.o. Osiedle Zielone Sp. k., Dekpol Inwestycje Sp. z o.o. Grano Resort Sp. k., Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k., Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp. k., owing 99.5% share in profits in these companies, and 0.5% share in profits possessed by Dekpol Inwestycje Sp. z o.o. being the general partner of these companies.

Dekpol Deweloper Sp. z o.o. is a limited partner of Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k., having 49.9% share in profits in this company, and 0.1% share in profits has Dekpol Inwestycje Sp. z o.o. being the general partner of this company.

Dekpol Deweloper Sp. z o.o. is a limited partner of the company Dekpol Pszenna Sp. z o.o. Sp.k. having in this company a 99.5% share in profits, while Dekpol Pszenna Sp. z o.o. being the general partner of this company, it holds a 0.5% share in profits, with the proviso that the profit attributable to distribution among the companies from the Dekpol Group is reduced by PLN 500, attributable to the company's second limited partner.

All companies directly and indirectly dependent on the Issuer fall under full-method consolidation.

### **3.1.3 CHANGES IN THE STRUCTURE OF DEKPOL CAPITAL GROUP IN THE 3<sup>RD</sup> QUARTER 2019 AND AFTER BALANCE SHEET DATE**

In the period of the third quarter of 2019 there were no changes in the structure of the Dekpol Capital Group.



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On 25<sup>th</sup> of November 2019 (event after the balance sheet date) Dekpol S.A. established two subsidiaries: Dekpol Budownictwo Sp. z o.o. and Dekpol Steel Sp. z o.o. including 100% shares in the share capital of PLN 5,000 in each of the companies. The establishment of subsidiaries is related to the undertaking by the Management Board of Dekpol S.A. on 22<sup>nd</sup> of November 2019, the decision to start the next - after separating the property development activity - reorganization stage and changes in the Company's management rules. Currently planned changes will involve the transfer from the Company of organized parts of the enterprise covering the activities of the General Contracting Department and the Department of Production Equipment Accessories for Construction Machines and making them as in-kind contributions to the above newly established special purpose vehicles. The aim of the activities is to introduce a management system tailored to the increasing scale of the Company's operations and its individual segments. As at the date of publication of this report, the above-mentioned companies have not been entered into the National Court Register, and the implementation of the actions is conditional upon obtaining relevant approvals, as discussed in more detail in point 3.3.4. of this report.

## 3.2 INFORMATION ABOUT THE PARENT-ENTITY DEKPOL S.A.

### 3.2.1 COMPANY BODIES

#### Management Board

The Issuer's Management Board is composed of one or more Members appointed and removed from office by the Supervisory Board. The Supervisory Board entrusts one of the Members of the Management Board with the function of the President of the Management Board. Other Members of the Management Board may be entrusted with the function of Vice Presidents of the Management Board. The term of office of the Members of the Management Board is 5 years and is not joint.

As at 30<sup>th</sup> of September 2019 and as at the date of publication of this report, the Issuer's Management Board is composed of

Name and surname	Function
<b>Mariusz Tuchlin</b>	President of Management Board (CEO)
<b>Michał Skowron</b>	Vice President of Management Board
<b>Andrzej Kuchtyk</b>	Member of Management Board
<b>Rafał Dietrich</b>	Member of Management Board



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The term of office of the Vice-President of the Management Board, Michał Skowron, will expire on 1<sup>st</sup> of January 2023, while the term of office of the President of the Management Board, Mariusz Tuchlin and Members of the Management Board of Rafał Dietrich and Andrzej Kuchtyk expired on 4<sup>th</sup> of June 2024.

In the third quarter of 2019, there were no changes in the composition of the Company's Management Board.

### Supervisory Board

Supervisory Board consists of five to seven members. Vocation, as well as dismissal of members of Supervisory Board follows through resolution of General Meeting of Shareholders. This body elects the Chairman of Supervisory Board, may also entrust the function of Vice-president to another member. The term of office of Supervisory Board members takes 5 years and cannot be joint.

As at 30<sup>th</sup> of September 2019 and as at the date of publication of this report, the Issuer's Supervisory Board is composed of:

Name and surname	Function
<b>Roman Suszek</b>	Chairman of Supervisory Board
<b>Jacek Grzywacz</b>	Vice-Chairman of Supervisory Board
<b>Wojciech Sobczak</b>	Member of Supervisory Board
<b>Grzegorz Wąsacz</b>	Member of Supervisory Board
<b>Jacek Kędzierski</b>	Member of Supervisory Board

The term of office of Grzegorz Wąsacz will expire on 7<sup>th</sup> of March 2022. Wojciech Sobczak's term of office expires on 28<sup>th</sup> of May 2023. The term of office of Roman Suszek and Jacek Grzywacz will expire on 1<sup>st</sup> of April 2024. The term of office of Jacek Kędzierski will expire on 30<sup>th</sup> of June 2024.

In the third quarter of 2019, there were no changes in the composition of the Company's Supervisory Board

On 1<sup>st</sup> of July 2019, the resolution of the Extraordinary General Meeting of the Company of 17<sup>th</sup> of December 2018 regarding the appointment of the current Member of the Supervisory Board, Mr. Jacek Kędzierski, for another term of office as a Member of the Supervisory Board of the Company entered into force.





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### 3.2.2 SHARE CAPITAL STRUCTURE

As of 30<sup>th</sup> of September 2019 and as of the day of publication of this report, share capital of Dekpol S.A. amounts PLN 8 362 549,00 and is divided into 83,625,549 ordinary bearer shares with a nominal value of PLN 1 each, including:

- a) 6.410.000 series A ordinary bearer shares,
- b) 1.952.549 series B ordinary bearer shares,

which entitle to 8.362.549 votes at the General Meeting of Shareholders of the company.

On 28<sup>th</sup> of June 2019, the Ordinary General Meeting of Dekpol S.A. adopted a resolution regarding an increase in the Company's share capital from PLN 8,362,549.00 by an amount not lower than PLN 1 but not higher than PLN 1,672,509,00, i.e. not lower than PLN 8,362,550.00 and not higher than PLN 10,035,058.00 through the issue of not less than 1 and not more than 1,672,509 series C ordinary bearer shares with a nominal value of PLN 1 each. In accordance with the adopted resolution, the issue of series C shares will be carried out by private subscription within the meaning of Art. 431 § 2 point 1 of the Code of Commercial Companies and will be directed to no more than 149 investors selected on the principles set out in detail in the abovementioned resolution. Series C shares may be covered only by cash contributions. The issue price of series C shares will be determined by the Company's Management Board under the conditions specified in the resolution. In the interest of the Company, the existing shareholders have been completely deprived of the pre-emptive right to C series shares. The Company may conclude agreements to subscribe for series C shares no later than within 6 months from the date of the resolution. Until the date of publication of this report, agreements to subscribe for series C shares have not been concluded.

### 3.2.3 SHAREHOLDING STRUCTURE OF THE COMPANY

Shareholders of Dekpol S.A. holding more than 5% of total number of votes at the Company's General Meeting as of the day of publishing of report, ie. 27<sup>th</sup> of November 2019 and to the best knowledge of the Management Board of Dekpol S.A.:

Shareholder	Number of shares / number of votes	Participation in Share capital and general number of votes (%)
Mariusz Tuchlin	6.449.860	77,13%
Familiar S.A., SICAV-SIF*	679.583	8,13%



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Other shareholders	1.233.106	14,75%
Total	8.362.549	100%

\* based on the number of registered shares for the Ordinary General Meeting of the Company convened for 28<sup>th</sup> of June 2019

Between the publication date of the latest periodic report, which was the semi-annual report of 2019 published on 27<sup>th</sup> of September 2019, and until publication date of this report, there were no changes in shareholding structure of the Company.

### 3.2.4 NUMBER OF SHARES HELD BY MANAGEMENT AND SUPERVISORY STAFF

Shares in possession by Members of Management Board and Supervisory Board of Dekpol S.A. as of the day of publication of report ie. 27<sup>th</sup> of November 2019 and as of publication date of latest periodic report , which was the semi-annual report of 2019, ie, 27<sup>th</sup> of September 2019:

Item	Number of shares as of the day of publication of semi-annual report of 2019	Changes	Number of shares as of the day of publication of report for 3Q 2019
Mariusz Tuchlin – Prezes Zarządu	6.449.860	-	6.449.860

To the best knowledge of the Company, Members of Management Board and Supervisory Board do not hold and did not hold in given period from the publication date of semi-annual report for the year 2019 until the day of publication of this report of any rights to shares of the Issuer.

## 3.3 INFORMATION ON OPERATIONS OF DEKPOL CAPITAL GROUP

### 3.3.1 SUMMARY OF THE ACTIVITIES OF THE DEKPOL CAPITAL GROUP IN 3<sup>RD</sup> QUARTER 2019

Sales revenues for the first three quarters of 2019 amounted to PLN 611 719 thousand, which was 7% more than in the corresponding period of the previous year. At the same time, the Dekpol Capital Group in the period from January to September 2019 reached PLN 24 157 thousand of net profit.

In the period covered by financial report, the Group carried out similar operations comparing to 2018, i.e. dealt with: general contracting services, property development activities, manufacture of equipment for construction machines.



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### **General contracting segment**

In general contracting segment, the Capital Group at the end of 3<sup>rd</sup> quarter of 2019 implemented contracts with a total contractual value of over PLN 380 million net, of which projects with a total value of over PLN 100 million net remained to be implemented after the reporting period. In addition, the Issuer in General Contracting segment implements intra-group property development projects with a total value of 260 million net, of which projects with a total value of over PLN 100 million net remained to be implemented after the reporting period. All projects are carried out at the request of private investors. The main area of activity is the Pomeranian Voivodeship, where nearly 57% of projects are implemented. Industrial, logistics, commercial and service facilities are implemented along with full external infrastructure (roads, squares, parking lots).

### **Property development segment**

In property development segment, the Dekpol Capital Group maintains a stable position on the market. In the first three quarters of this year contracting within the meaning of preliminary, development and reservation agreements amounted to 314 premises. For comparison, in the same period of the previous year, contracting was at the level of 452 units. In the revenues of the property development segment in the first three quarters of this year, 372 units were sold. For comparison, in the same period of the previous year, there were 349 recognized premises, and in 2018 all over 591 premises.

In the third quarter of this year alone contracting within the meaning of preliminary, development and reservation contracts amounted to 87 premises. For comparison, in the same period of the previous year contracting was at the level of 133 premises. In the property developer segment's revenues in the third quarter of this year sale of 163 premises was recognized. For comparison, in the same period of the previous year there were 124 premises identified.

As at the end of September this year 260 apartments remained in the sales offer.

### **Segment for production of equipment for construction machines**

The period of three quarters of 2019 ended for the department of construction of equipment for construction machines as increased by 34% compared to the same period last year, with a significant increase in net profit. This increase is caused by continuous optimization and standardization of production processes based on detailed technological guidelines at individual manufacturing cells. Creating technology for individual equipment is necessary in connection with the implementation of the new ERP system which is important for proper production



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management. In August this year the Company has obtained another certificate of an authorized OEM supplier to the manufacturer of the world's largest excavators dedicated to open-cast mines and from 2020 the equipment production department will start manufacturing and supplying buckets weighing over 20 tons, both front-loading and back-loading. The fact of authorization for such a demanding recipient is evidence of a high assessment of the level of technological advancement as well as the quality of the Company's products. Continuous analysis of the construction machinery industry on the world market and trends that may occur in the following years have led to the decision to restore the production of buckets for mini and midi excavators. The restart of the compact bucket line will be based on fully automated and repeatable processes guaranteeing a high margin. Very good relations with existing recipients as well as newly acquired clients lead to the emergence of newer and newer projects to be implemented in 2020.

### 3.3.2 SIGNIFICANT EVENTS IN THE ACTIVITIES OF THE DEKPOL CAPITAL GROUP IN 3Q OF 2019

#### **Acquisition of land property and obtaining a building permit in Wiślinka**

On 31<sup>st</sup> of July 2019, Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k (a subsidiary company dependent on the Issuer established for the purpose of executing the Sol Marina property development investment in Wiślinka) concluded a promised contract for the purchase of the land property with a total area of approx. 9.3 ha located in Wiślinka.

Gross acquisition price was about 15% of Dekpol S.A equity at the end of year 2018. A property development project is planned to be carried out on the land property, including the construction of approximately 350 premises.

On 30<sup>th</sup> of September 2019, the Issuer's subsidiary - Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k. ("Subsidiary") received, issued by the Starost of Gdańsk, the final decision to transfer to the Subsidiary a building permit for the abovementioned land property. The received decision is final.

The building permit covers the implementation of the first stage of the Sol Marina investment, including a yacht pool with a marina, canals, bridges and apartment buildings along with the road system and parking lots as well as the necessary technical infrastructure at Łąkowa Street in Wiślinka. As part of the first stage of the Sol Marina investment, 16 apartment and service buildings are planned to be built, with 99 apartments with a total usable area of approximately 6,700 sq m, 7 service premises with a total area of approx. 780 sq m, 176 outdoor car parking spaces and



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51 mooring stations. The estimated value of revenues obtained from the implementation of the first stage of the investment is approx. PLN 120 million net. The implementation of the first stage of the investment will be completed in the second quarter of 2022, and the first premises will be commissioned in the first quarter of 2021. The project will be implemented by a Subsidiary and investment outlays will be financed from own funds, while partial financing with external capital is not excluded.

About the abovementioned the Company informed in current report no. 25/2019 of 31<sup>st</sup> of July 2019 and 27/2019 dated 30<sup>th</sup> of September 2019.

### **Conclusion of an agreement with 7R S.A. for the execution of 2<sup>nd</sup> stage of investment in Kokotów**

On 9<sup>th</sup> of August 2019, Dekpol S.A. signed with 7R S.A. an annex to the contract concluded on 21<sup>st</sup> of December 2018 for execution in three stages in the general contracting system "design and build" of a warehouse and office facility with a building area of approx. 40.4 thousand m<sup>2</sup> together with the necessary technical infrastructure in Kokotów (Investment), excluding the main scope of works falling on second stage and the entire third stage of investment, and at the same time concluded a separate agreement regarding the implementation of second stage of the Investment (Stage II Agreement).

Under the Agreement of a Second Stage, the Issuer undertook to construct a multi-level shelf mezzanine with retrofits in accordance with the project documentation prepared by the Issuer, together with the delivery of materials and equipment, and to obtain an unconditional and final use permit. The subject of the Stage II Agreement will be completed by 1<sup>st</sup> of February 2020. The flat-rate net remuneration for the implementation of the subject of the Stage II Agreement amounts to approx. 2% of sales revenue of the Dekpol Capital Group for 2018. Remuneration may change if the Ordering Party orders additional works. The Stage II Agreement entered into force on the day of its signing.

The agreement provides for a number of provisions regarding the possibility of the parties withdrawing from the contract and provisions regarding contractual penalties, e.g. in the event of the Contractor's delay in execution of particular stages of the Contract, as well as delays in rectifying defects and faults. In addition, the parties to the Agreement are entitled to demand payment of a contractual penalty in the amount of 10% of remuneration in case of withdrawal from the Agreement, in whole or in part, due to the fault of the other party. The total amount of contractual penalties may not exceed 12% of remuneration. The parties have the right to claim supplementary compensation for damages on general terms up to the full amount of the damage suffered.



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In addition, the Issuer informs that the parties have unanimously waived the implementation of the third stage of the Investment, including the reconstruction of a section of the municipal road.

As a result of the changes, the total value of the Issuer's net remuneration for carrying out the Investment (stages I and II) will amount to approx. 9% of the sales revenues of the Dekpol Capital Group for 2018.

About the conclusion of an agreement with 7R S.A. the Company informed in current report no. 86/2018 dated 21<sup>st</sup> of December 2018, and about signing an annex to the agreement in current report no. 26/2019 of 9<sup>th</sup> of August 2019.

### 3.3.3 FACTORS AND EVENTS, INCLUDING THOSE ATYPICAL ONES, HAVING A MATERIAL EFFECT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

In Q3 2019, there were no factors or events other than those described elsewhere in this quarterly report, including those atypical ones, which had a material effect on the condensed consolidated financial statement.

### 3.3.4 EVENTS AFTER BALANCE SHEET DATE

#### **Conclusion of a general contracting agreement of a production and warehouse hall with Inter Metal sp. z o.o.**

On 2<sup>nd</sup> of October 2019 Dekpol S.A. concluded with Inter Metal sp. z o.o. (Investor) a general contracting agreement of the production and storage hall (hot dip galvanizing plant with internal installations) along with external technical infrastructure and associated works in Inowrocław (Contract and Investment).

Completion of the construction and obtaining the occupancy permit is to take place by August 2020, with the proviso that the deadline may be extended by 1 month. The net remuneration due to the Company for the implementation of the subject of the Agreement amounts to approx. 3.5% of revenues from sales of the Dekpol Capital Group for 2018, however, it may change in case of changes in the scope of ongoing works.

The agreement contains provisions regarding contractual penalties, i.a. in case of delays in the implementation of the Investment and its stages and delay in removing defects or non-compliance. The Parties to the Agreement have the right to demand payment of a contractual penalty of 10% of net remuneration in the event of withdrawal from the Agreement, in whole or in part, for reasons attributable only to the other party to the Agreement. The total amount of contractual penalties may



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not exceed 10% of the net remuneration. The parties have the right to claim compensation exceeding the value of the reserved contractual penalty on general principles, with the proviso that they are liable only within the limits of actual damage.

The parties are entitled to withdraw from the Agreement in whole or in the scope of the non-performed part of the Agreement within 60 days of becoming aware of the circumstances specified in the Agreement justifying the exercise of this right (including suspension or delay in the implementation of works, breach of the terms of the Agreement), but not later than 31<sup>st</sup> of December 2021. In addition, if the Company reports the need for changes to the executive design in terms of the price or deadline for carrying out the Investment, and the parties do not reach an agreement, the Investor will have the right to withdraw from the Contract in the unrealized part for payment of a remuneration, however this right can be exercised until 31<sup>st</sup> of December 2025.

Information about the conclusion of the Agreement has been recognized by the Company as significant, due to the fact that the investment will be carried out with the innovative technology of overhead suspension cranes under the roof structure, thanks to which the overhead cranes will work collision-free in all directions. The project assumes that the hall will have the deepest galvanizing bath built in Poland.

About the above the Company informel in current report no. 28/2019 dated 3<sup>rd</sup> of October 2019.

#### **Conclusion of a letter of intent with Tricity North Sp. z o.o.**

On 3<sup>rd</sup> of October 2019 Dekpol S.A. concluded with Tricity North Sp. z o.o. a letter of intent regarding the selection of the Issuer as the General Contractor to carry out construction works regarding the construction of the warehouse with the necessary infrastructure in Rumia at Działkowców Street (Investment).

The Issuer's completion of the Investment and obtaining the occupancy permit is expected to take place by March 2020. The value of the Issuer's net remuneration for carrying out the Investment has been set at around 8% of the Issuer's Capital Group sales revenue for 2018 (converted at the Euro exchange rate from 3<sup>rd</sup> of October 2019).

About the above the Company informed in current report no. 29/2019 of 3<sup>rd</sup> of October 2019.



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### **Obtaining a building permit for a hotel building in Warsaw**

On 9<sup>th</sup> of October 2019 Dekpol S.A. received, issued by the Mayor of the Capital City of Warsaw, a valid permit for the construction of a hotel building on a plot of land located in Warsaw at Prądzyńskiego street. About the acquisition of the right of perpetual usufruct of the abovementioned real estate the Issuer announced in current report No. 16/2018 of 20<sup>th</sup> of March 2018.

The permit obtained includes the construction of a hotel building with services on the ground floor and an office part with a total usable area of approx. 14 thousand m<sup>2</sup> and land use.

The mentioned property is the first investment property acquired by Dekpol S.A. in Warsaw. Currently, the Issuer is considering various possibilities of using the owned property and the obtained building permit.

About the above the Company informed in current report no. 30/2019 dated 9<sup>th</sup> of October 2019.

### **Obtaining a building permit for two buildings as part of the "Villa Neptun" project in Gdańsk**

On 18<sup>th</sup> of November 2019 Dekpol S.A. received, issued by the Mayor of the City of Gdańsk, a valid building permit for the construction of two guest house buildings as part of the "Villa Neptun" project together with the necessary accompanying infrastructure in Gdansk, at Nadwiślańska street ("Investment"). As part of the Investment, the Company plans to build two guest houses, which will contain 40 holiday apartments with a total usable area of approx. 1.8 thousand square meters and 40 above-ground parking spaces.

The estimated value of revenues obtained from the Investment is approx. PLN 16 million net. The investment will be completed in the fourth quarter of 2020, and the first premises will be commissioned in the first quarter of 2021.

The project will be implemented by a company from the Issuer's Capital Group, and investment outlays will be financed with own funds, while partial financing with external capital is not excluded.

About the above the Company informed in current report no. 32/2019 of 18<sup>th</sup> of November 2019.





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### **Conclusion of an annex to the contract with 7R S.A. for general contracting of facilities in Warsaw**

On 19<sup>th</sup> of November 2019, the Company received a mutually signed annex to the Agreement with 7R S.A, for the implementation of an investment covering the comprehensive implementation of 7R CityFlex Warsaw Airport warehouse, office and service facilities in Warsaw at Dzialkowa and Kolumba street, about which the Company informed in current report no, 8/2019 dated 29<sup>th</sup> of March 2019. According to the signed annex to the agreement, the parties in connection with the commissioning of additional work, decided to extend the deadline for completing the subject of the Agreement until August 2020 (originally November 2019). Other terms of the Agreement have not changed.

About the above event the Company informed in current report no, 33/2019 dated 19<sup>th</sup> of November 2019.

### **Conclusion of a letter of intent with Iglotex S.A.**

On 19<sup>th</sup> of November 2019 Dekpol S.A. concluded with Iglotex S.A. a letter of intent regarding the selection of the Issuer as the General Contractor for the implementation of works consisting in the design, agreement and construction of a production and storage facility in Skórcz.

Pursuant to the general terms and conditions of the contract specified in the letter of intent, the Issuer shall finish the completion of the Facility and obtain the occupancy permit by 30<sup>th</sup> of July 2020. The value of the Issuer's net remuneration for the execution of the Facility has been set at around 10% of the Issuer's Capital Group sales revenues for year 2018.

The general contracting agreement is to be concluded by 31<sup>st</sup> of January 2020. Due to the commencement of works after the conclusion of the letter of intent, in case of non-signing the contract in the abovementioned deadline, the works will be suspended and the Ordering Party will be obliged to pay for the works performed and costs incurred.

About the abovementioned event the Company informed in current report no, 34/2019 dated 20<sup>th</sup> of November 2019.

### **Beginning of the next stage of company reorganization**



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On 22<sup>nd</sup> of November 2019 the Management Board of Dekpol S.A. decided to start the next - after separating the property development activity - reorganization stage and changes in the Company's management rules, which aim is to introduce a management system suited to the growing scale of the Company's operations and its individual segments.

Currently planned changes will involve the transfer from the Company of organized parts of the enterprise covering the activities of the General Contracting Department (OPE1) and the Department of Production Equipment Accessories for Construction Machines (OPE2) and making them as in-kind contributions to special purpose vehicles established by the Issuer as a limited liability company, whereby the issuer will take up all shares in the share capital of these companies. The Supervisory Board agreed and authorized the Company's Management Board to take all actions necessary to achieve the above objectives.

The implementation of the above actions will require the Issuer to obtain appropriate consents from the banks that have financed the Company and to change the terms of issue of series G and H bonds issued by the Company (Conditions of Bonds - CB). In order to change CB, on 22<sup>nd</sup> of November 2019, the Issuer convened on 16<sup>th</sup> of December 2019, the Meeting of Bondholders of G and H series bonds, the subject of which will be the adoption of resolutions on consent to change the terms of issue of bonds.

At the same time, the Company's Management Board plans to convene an Extraordinary General Meeting of the Company (EGM), at which a resolution or resolutions on consent to the sale by OPE1 and OPE2 will be put into the vote by making them as in-kind contributions to subsidiaries.

About the abovementioned events the Company informed in current report no, 35/2019 and 36/2019 of 22<sup>nd</sup> of November 2019.

### **3.3.5 TRANSACTIONS WITH AFFILIATES**

In 3<sup>rd</sup> quarter 2019 neither Issuer nor any of its subsidiaries entered into any transaction with affiliates on other than market terms.

### **3.3.6 GRANTED AND RECEIVED SURETIES AND GUARANTEES**

In the third quarter of 2019, the Company and its subsidiaries did not provide any sureties or guarantees regarding financial liabilities of other entities. The company provided guarantees and received guarantees regarding construction works



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performed, however, the total value of existing sureties and guarantees is not significant in the Company's opinion in the context of the scale of the Capital Group's operations and its financial results.

As of 30<sup>th</sup> of September 2019, the total balance of received and granted by Companies from Dekpol Capital Group sureties and guarantees presents the below table:

Item	30.09.2019	31.12.2018
<b>Conditional liabilities against affiliates</b>	<b>0</b>	<b>0</b>
Conditional liabilities against affiliates - guarantees and sureties for repayment of financial liabilities	0	0
Conditional liabilities against affiliates - guarantees of proper performance of contracts	0	0
Other conditional liabilities	0	0
<b>Conditional liabilities against non-affiliates</b>	<b>52 360</b>	<b>67 338</b>
Guarantees and sureties for repayment of financial liabilities	0	0
Granted guarantees of sound agreements execution- banking	29 274	38 484
Granted guarantees of sound agreements execution- insurance	23 086	28 854
Court issues	0	0
Other conditional liabilities	0	0
<b>Conditional liabilities</b>	<b>52 360</b>	<b>67 338</b>
<b>Conditional assets from affiliates</b>	<b>0</b>	<b>0</b>
Received guarantees and sureties of financial liability repayment from affiliates	0	0
Received guarantees and sureties of proper performance of contracts from affiliates	0	0
Other conditional assets	0	0
<b>Conditional assets from non-affiliates</b>	<b>4 982</b>	<b>5 352</b>
Received guarantees and sureties of liability repayment from non-affiliates	0	0
Received guarantees of sound agreements execution from non-affiliates- banking	2 733	3 275
Received guarantees of sound agreements execution from non-affiliates- insurance	2 249	2 076
Other conditional assets from non-affiliates	0	0
Conditional receivables–court issues	0	0
<b>Conditional assets</b>	<b>4 982</b>	<b>5 352</b>



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### **3.4 STANDPOING OF MANAGEMENT BOARD REGARDING THE POSSIBILITY OF ACHIEVING PROJECTED RESULTS**

The Company and the Dekpol Capital Group did not publish forecasts of the Company's financial results for 2019.

### **3.5 FACTORS WHICH MAY AFFECT ACHIEVED RESULTS IN PERSPECTIVE OF AT LEAST NEXT QUARTER**

The future results of the Issuer and the Group will depend on the success in implementing the development strategy and investment plan specified in the strategy of the Dekpol Capital Group, i.e.:

- planned increase of the portfolio of Clients and orders in 2019 and 2020,
- Extension of production plant for accessories to construction machines,
- efficient acquisition of building permits, enabling rapid commercialization of real estate currently in the land bank owned by the Group.

Internal factors affecting the Group's results in the subsequent periods will be:

- Acquisition of new construction contracts and its execution on time,
- Extension of production plant for accessories to construction machines,
- Products deliveries on time and keeping of its high value,
- Acquisition of new land properties for real-estate property investments in attractive locations,
- On time execution of real-estate development projects,
- Appropriate sales policy of premises regarding its prices, surface structure and extension of range of services offered to Clients (assistance in finding of financing sources, design services, finishing works services, defects removal services),
- Improvement of cooperation with financial institutions, which shall ensure the Company the capital enabling the execution of plans,
- And execution of current plans.

To the factors, which appeared in 3<sup>rd</sup> quarter of 2019 and after its end, which have or could have an impact on financial result of the Company in further periods should be numbered also events presented under point 3.3. of this report.

Impact on results will have external, macroeconomic factors, such as: general condition of polish economy, inflation, GDP dynamics, tax policy, interest rates, labor market and unemployment rate, investments scale, value of demand on internal market, FX, governmental programs supporting development of residential construction sector. Increase of GDP, society wealth and enterprises development



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affect increase of demand on construction services both in residential construction area, as well as industrial construction. All those factors affect the positive results of the Issuer and his Capital Group.

### **3.6 PROCEEDINGS BEFORE A COURT, ARBITRATION BODY OR PUBLIC ADMINISTRATION AUTHORITY**

In the 3<sup>rd</sup> quarter of 2019 there were no proceedings pending before government authorities, courts, or arbitration bodies in terms of receivables or liabilities of the Company or its subsidiaries.

At the same time, it needs to be considered that the specificity of the Dekpol Capital Group's operations involves multiple proceedings related to claims regarding completed projects. It also happens that the entities of the Capital Group are the defendant – usually this is related to projects carried out as part of property development operations.

### **3.7 OTHER SIGNIFICANT INFORMATION NECESSARY FOR EVALUATION OF DEKPOL CAPITAL GROUP'S POSITION**

There are no other information which, in the Company's opinion, are significant for the assessment of the personnel, property, financial situation, financial result of the Company and the Capital Group and their changes, and information that are significant for the assessment of the ability to meet obligations by the company and the Dekpol Capital Group

### **3.8 INDICATORS**

Debt to EBITDA Ratio - meaning the ratio of the total net debt (total balance sheet value of Dekpol Capital Group's consolidated interest bearing liabilities minus cash and cash equivalents) to EBITDA (total operating result and depreciation / amortization) amounts to as of 30<sup>th</sup> of September 2019: 3,39.

Indebtedness to Equity - meaning the ratio of the total net debt (as above) to the equity of the Dekpol Capital Group amounts to as of 30<sup>th</sup> of September 2019: 1,01.

### **3.9 CONTACT**

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Name (business name):	Dekpol Spółka Akcyjna
Abbreviated name:	Dekpol S.A.
Address of the registered office:	ul. Gajowa 31, 83-251 Pinczyn
Phone:	(58) 560-10-60

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Fax: (58) 560-10-61

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Website address: <http://www.dekpol.pl/>

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E-mail address: dekpol@dekpol.pl

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### **Signatures of All Members of Management Board:**

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Mariusz Tuchlin                                      President of Management Board

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Michał Skowron                                      Vice-President of Management  
Board

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Andrzej Kuchtyk                                    Member of Management Board

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Rafał Dietrich                                      Member of Management Board

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Signature of person responsible for bookkeeping

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Anna Miksza                                      Chief Accountant Officer

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