DEKPOL S.A.

CONSOLIDATED FINANCIAL STATEMENT

PREPARED IN ACCORDANCE WITH INTERNATIONAL REPORTING STANDARDS
FOR THE PERIOD 01 January 2019 – 31 December 2019

Pinczyn, 15th of May 2020

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Consolidated Financial Statement of DEKPOL S.A. for period from 01.01.2019 till 31.12.2019 (data in thousands of PLN)

SELECTED FINANCIAL DATA

Selected consolidated financial data	thousand PLN		thousand EUR	
	01.01.2019-31.12.2019	01.01.2018-31.12.2018	01.01.2019-31.12.2019	01.01.2018-31.12.2018
I. Net revenue from sales of products, goods, and materials	772 119	837 034	179 487	196 169
II. Profit (loss) on operating activity	70 960	52 253	16 495	12 246
III. Profit (loss) before tax	62 729	45 217	14 582	10 597
IV. Net profit (loss)	50 788	33 932	11 806	7 952
V. Earnings (loss) per ordinary share (in PLN / EUR)	6,07	4,06	1,41	0,95
VI. Net cash flows from operating activity	82 825	(67 577)	19 254	(15 837)
VII. Net cash flows from investment activity	(18 275)	(18 439)	(4 248)	(4 321)
VIII. Net cash flows from financial activity	(14 234)	90 450	(3 309)	21 198
IX. Total net cash flows	50 316	4 434	11 696	1 039

	31.12.2019	31.12.2018	31.12.2019	31.12.2018
X. Total assets	954 981	900 817	224 253	209 492
XI. Liabilities and provisions for liabilities	712 667	709 292	167 352	164 952
XII. Long-term liabilities	197 100	258 515	46 284	60 120
XIII. Short-term liabilities	515 567	450 777	121 068	104 832
XIV. Equity	242 314	191 525	56 901	44 541
XV. Share capital	8 363	8 363	1 964	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	23	7	5

The above financial data for 2019 and the corresponding period of 2018 have been converted into EUR according to the following rules:

- individual items of assets and liabilities - at the average exchange rate announced on the day:

- 31st of December 2019 – 4,2585 PLN / EUR
- 31st of December 2018 – 4,3000 PLN / EUR

- individual items of the profit and loss account and cash flow statement - according to the exchange rate being the arithmetic mean of average exchange rates set by the National Bank of Poland on the last day of each month of the financial period:

- from 1st of January to 31st of December 2019 – 4,3018 PLN / EUR,
- from 1st of January to 31st of December 2018 – 4,2669 PLN / EUR.

INTRODUCTION TO FINANCIAL STATEMENT

GENERAL INFORMATION

Name and location of the reporting entity (parent company):

DEKPOL S.A.

Ul. Gajowa 31, Pinczyn 83-251

Registration Court, register number:

District Court Gdańsk-North in Gdańsk, VII Commercial Division of the National Court Register under ID (KRS) number 0000505979

The main shareholder of the Company (77,13% of share capital) is Mr. Mariusz Tuchlin, who came into the possession of shares of the DEKPOL Company on 18th of December 2006, as a result of the transformation of legal form (led by him since 1993) of the business (previously under the name Productive-Service Plant "DEKPOL" - Mariusz Tuchlin) in a limited liability company.

Dekpol S.A headquartered in Pinczyn has been created by the conversion of a limited liability company into a joint stock company in accordance with the resolution of the Extraordinary General Meeting of Shareholders Dekpol Sp. o.o. from 1st of April 2014, minuted within Notarial Deed by a notary Janina Ciechanowska at the Notary Office in Starogard Gdanski, Repertory A Number 3829/2014.

Transformed Company was entered into the National Court Register kept by the District Court Gdańsk-North in Gdańsk, VII Commercial Division of the National Court Register, under ID number 505979. The company was registered on 11th of April 2014.

The Company has a tax identification number (TIN) 592-21-37-980 and REGON number 220341682.

Since 8th of January 2015 the Company's shares are listed on the Stock Exchange in Warsaw.

Duration of the Company:

The period of the Company's operations is indefinite.

Consolidated Financial Statement of DEKPOL S.A. for period from 01.01.2019 till 31.12.2019 (data in thousands of PLN)

The principal activities:

The principal activities of the Company are as follows:

Name	PKD
Manufacture of machinery for mining, quarrying and construction	PKD – 28.92.Z
Realization of building projects related to erection of buildings	PKD – 41.1
Building works related to erection of residential and non-residential buildings	PKD – 41.20
Works related to construction of other civil engineering projects not elsewhere classified	PKD – 42.9
Buying and selling of own real estate	PKD – 68.10.Z
Rental and operating of own or leased real estate	PKD – 68.20.Z
Retail sale of fuel for motor vehicles in fuel stations	PKD – 47.30.Z
Operation of gravel and sand pits; mining of clays and kaolin	PKD – 08.12.Z
Manufacture of metal structures and parts of structures	PKD – 25.11.Z

Presented reporting periods:

The financial statements is presented for the period from 1st of January 2019 to 31st of December 2019. The comparative financial data is presented for the period from 1st of January 2018 to 31st of December 2018.

1. Composition of the Issuer's management board and supervisory board

The Issuer's Management Board is composed of one or more Members. 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 (five) years and is not joint.

Composition of the Management Board of Dekpol S.A. as at the date of publication of this report:

Name and surname	Function
Mariusz Tuchlin	President of Management Board
Michał Skowron	Vice President of Management Board
Katarzyna Szymczak-Dampc	Member of Management Board

Changes in the composition of the Management Board of Dekpol S.A. in 2019 and until the date of publication of the report:

Consolidated Financial Statement of DEKPOL S.A. for period from 01.01.2019 till 31.12.2019 (data in thousands of PLN)

On 23rd of December 2019, the Company received the resignation of Mr. Rafał Dietrich from the position of the Member of the Management Board of the Company with effect on 31st of December 2019, on the day indicated.

On 23rd of December 2019, the Company received resignation of Mr. Andrzej Kuchtyk from the position of the Member of the Management Board of the Company with effect on 31st of December 2019, on the day indicated.

On 1st of January 2020, Mrs Katarzyna Szymczak-Dampc, was appointed to the Management Board of the Company, who was entrusted with the function of the Member of the Management Board.

The Statute of the Dekpol S.A. provides that the Supervisory Board consists of three to five members, whereas in case of obtaining by the Issuer the status of a public company from five to seven members. Vocation as well as dismissal of members of the 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.

Composition of the Supervisory Board of Dekpol S.A. as at the date of publication of this report:

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

Changes in the composition of the Supervisory Board Dekpol S.A. in 2018 and until the date of publication of the report

On 17th of December 2018, Extraordinary General Meeting of Shareholders of the Company adopted resolutions to appoint existing members of the Supervisory Board for the next term of office: Mr. Roman Suszek as a Chairman of Supervisory Board, Mr. Jacek Grzywacz as a Vice-Chairman of Supervisory Board and Mr. Jacek Kędzierski as a Member of Supervisory Board. The resolution appointing Mr. Roman Suszek and Mr. Jacek Grzywacz entered into force on 2nd April 2019, and the resolution appointing Mr. Jacek Kędzierski on 1st July 2019.

2. The composition of the Capital Group and related entities:

As at the balance sheet date - 31st of December 2019, and as at the date of publication of the report, Dekpol Capital Group includes Dekpol S.A. as the parent entity and twenty-four subsidiaries.

Entities related as at the balance sheet date			
Name	Consolidation method	Name	Consolidation method
Subsidiaries			
Dekpol 1 Sp. z o.o.	direct subsidiaries	Dekpol Royalties Sp. z o.o.	indirect subsidiaries
Dekpol 1 Sp. z o.o S.K.A.	direct subsidiaries	Almond Sp. z o.o.	indirect subsidiaries
UAB DEK LT Statyba (Litwa)	direct subsidiaries	Dekpol Inwestycje Sp. z o.o.	indirect subsidiaries
Dekpol Deweloper Sp. z o.o.	direct subsidiaries	Dekpol Pszenna Sp. z o.o.	indirect subsidiaries
Betpref Sp. z o.o.	direct subsidiaries	Nordic Milan Sp. z o.o.	indirect subsidiaries
Dekpol Steel Sp. z o.o.	direct subsidiaries	Smartex Sp. z o.o.	indirect subsidiaries
Dekpol Budownictwo Sp. z o.o.	direct subsidiaries	Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k.	indirect subsidiaries
		Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k.	indirect subsidiaries
		Dekpol Inwestycje Sp. z o.o. Development Sp. k.	indirect subsidiaries
		Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k	indirect subsidiaries
		Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k.	indirect subsidiaries
		Dekpol Pszenna Sp. z o.o. Sp.k	indirect subsidiaries
		Dekpol Inwestycje Sp. z o.o. WBH Sp. k.	indirect subsidiaries
		Dekpol Inwestycje Sp. z o.o. Neo Jasień Sp. k. (dawniej Dekpol Inwestycje Sp. z o.o. Osiedle Zielone Sp. k.)	indirect subsidiaries
		Dekpol Inwestycje Sp. z o.o. Grano Resort Sp. k.	indirect subsidiaries
		Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k.	indirect subsidiaries
		Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp. k.	indirect subsidiaries

Consolidated Financial Statement of DEKPOL S.A. for period from 01.01.2019 till 31.12.2019 (data in thousands of PLN)

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

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

Dekpol Deweloper Sp. z o.o. holds 100% of shares of Nordic Milan Sp. z o.o., Dekpol Pszenna Sp. z o.o. and of Dekpol Inwestycje Sp. z o.o.

Dekpol Deweloper Sp. z o.o. holds 62,3% shares of Smartex Sp. z o.o. as well as the right to purchase 37,7% shares of Smartex Sp. z o.o.

Dekpol Deweloper Sp. z o.o. is the general 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. Neo Jasień Sp. k. (formerly 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., and holds 99,5% of shares in profit, and 0,5% of shares in profit is owned by Dekpol Inwestycje Sp. z o.o. which is a limited partner.

Dekpol Deweloper Sp. z o.o. is the general partner of Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k., and holds 49,9% of shares in profit, and 0,1% of shares in profit is owned by Dekpol Inwestycje Sp. z o.o. which is a limited partner.

Dekpol Deweloper Sp. z o.o. is the general partner of Dekpol Pszenna Sp. z o.o. Sp.k. and holds 99,5% of shares in profit, and Dekpol Pszenna Sp. z o.o. which is a limited partner holds 0,5% of shares in profit, with a reservation, the profit divided between Dekpol group companies is lowered by 500 zł, which is attributed to the second general partner of the company.

Personal links with other companies in which Mr. Mariusz Tuchlin (acting as the President of the Issuer's Management Board and main shareholder) is a significant shareholder:

Company's name	KRS	Type of relation	Information about the Company
City Apart Management Sp. z o.o.	0000300191	- 98% of shares belong to Mariusz Tuchlin, 98% votes	The company operates in the hotel industry
Dekpol Serwis Sp. z o.o. (limited partner of Dekpol Serwis Sp. z o.o. Sp. k.)	0000629533	- 90% of shares belong to Mariusz Tuchlin (Chairman of Supervisory Board)	The company operates in the rental of passenger and delivery cars
Dekpol Serwis Sp. z o.o. Sp. k.	0000630076	- Mariusz Tuchlin holds 98% of shares of Company's gains and loses	The company operates in the rental of passenger and

			delivery cars
City Apart Management Jaglana Sp. z o.o.	0000711010	- 90% of shares belong to Mariusz Tuchlin (procurent in a company), 90% votes	The company operates in the hotel industry
City Apart Management Pszenna Sp. z o.o.	0000710859	- 90% of shares belong to Mariusz Tuchlin(procure in a company), 90% votes	The company operates in the hotel industry
City Apart Management Pszenna Sp. z o.o. Sp. K.	0000711812	- Mariusz Tuchlin holds 99% of shares of Company's gains and loses (procure in a company)	The company operates in the hotel industry
Flats For Rent Sp. z o.o.	0000750704	- 100% of shares belong to Mariusz Tuchlin, 100% votes	The company operates in the field of property management
Flats For Rent Sp. z o.o. Sp. K.	0000751229	- Mariusz Tuchlin holds 99% of shares of Company's gains and loses	The company operates in the field of property management

3. Legal basis of financial statement' preparation

Financial statements are prepared using defined principles in § 25-28 MSR 1:
- Continuation of activity,
- Memorial,
- Continuity of representation.

The Company prepares the income statement using the multiple-step variant.
The Company prepares its cash flow statement using an indirect method.
The financial statement is presented in thousands of PLN.

4. Date of approval of the financial statement for publication

The financial statement was approved for publication on 15th of May 2020.

5. Functional currency and the reporting currency

The functional currency of the Company is the Polish zloty (PLN). The Company prepares financial statements in the functional currency.

6. Continued operations

The financial statements has been prepared under the assumption that the Company will continue its business operations in the foreseeable future and that it does not intend or must not discontinue its operations or substantially reduce its scope. According to the knowledge of the Management Board of the Company, there are no circumstances indicating a threat to continuing operations.

7. Events after balance sheet date

There were no significant events after the balance sheet date not included in the financial statement and statement of the Management Board.

8. Rules for the valuation of assets and liabilities and financial results, adopted in the preparation of the financial statement

Whenever the Company is indicated below, it applies to the whole DEKPOL S.A. Capital Group.

Property, plant and equipment

- Principles of evaluation of property, plant and equipment are mainly included in MSR 16 "Property, plant and equipment".
- Property, plant and equipment are subject to initial recognition at the acquisition price or production cost.
- The acquisition price or production costs are subject to an increase by costs of disassembly and removal of an item of property, plant and equipment and renovation of the place of using it, if the Company is obliged to do so.
- The acquisition price or production costs are not subject to adjustment by foreign exchange differences related to liabilities financing the acquisition of an asset accrued up to the date of putting an asset into use, unless it results from the policy adopted in the scope of hedge accounting.
- The acquisition price or production costs are subject to an increase by costs of interest on liabilities financing the acquisition of an asset accrued up to the date on which an asset is ready for use.
- After the initial recognition, the Company evaluates property, plant and equipment at the acquisition price or production cost less depreciation write-offs, pursuant to the model specified in § 30 MSR 16.
- With regard to each item of property, plant and equipment, the Company determines a period of economic useful life. If it is justified in relation to significant component parts of property, plant and equipment to apply various periods of economic useful life and depreciation rates/methods, the Company applies various depreciation rates/methods in relation to each significant component part of property, plant and equipment.
- Property, plant and equipment are subject to depreciation in a period of economic useful life from the day on which an asset is ready for use until the date on which it is excluded from recognition or it is intended for sale.
- The Company accepts that the final (residual) value of used property, plant and equipment is usually insignificant and will not be determined, unless the residual value is significant in relation to a given item of property, plant and equipment. The

residual value constituting at least 20.0% of the initial value of an item of property, plant and equipment is deemed significant.

- The Entity applies a straight-line deprecation method of property, plant and equipment, unless other methods (degressive method, method based on production units) better reflect the consumption of economic benefits. The Company may apply other methods and rates in order to establish tax income.
- A depreciation period, depreciation method and residual value (if determined) are subject to periodic verification at least at the end of each financial year. If a significant change is found as compared to previous estimates, the entity changes amortization rates and/or method starting from the first day of the reporting period.
- Property, plant and equipment of the initial value not exceeding PLN 3,500.00 are written off in the month in which they are put into use. And are recognized exclusively in off-balance sheet records and are charged as a single entry to costs of "purchase of tools and equipment" recorded on account 411-09.
- Costs of improvement of property, plant and equipment increase their initial value, provided that improvement consists in extending a period of economic useful life or improving parameters of property, plant and equipment measured by means of costs of operation, productivity, quality of manufactured products or scope of functionality
- Costs of current renovations and inspections of property, plant and equipment are recognized as costs of the period in which they are incurred, unless they result in extending a period of economic useful life as compared to the initially assumed period.
- If property, plant and equipment are excluded from use, the Company does not discontinue depreciation, unless an item of property, plant and equipment is held for sale within 12 months. In such a case, property, plant and equipment are evaluated at the initial value less revaluation write-offs or at the fair value less selling costs, whichever is lower, and are not subject to depreciation - according to MSSF 5 "*Non-Current Assets Held for Sale and Discontinued Operations*".

Lease

- The Company recognizes and evaluates leased assets pursuant to MSSF 16 „Leasing".
- The Company classifies assets as being the subject matter of financing or operating lease agreements on the basis of the criteria specified in §26 MSSF 16) and value of the right of use of leased thing (according to §§24-25 MSSF 16).
- The right to use of an asset is valued according to §§30-33 MSSF 16, except investment properties, valued at fair value
- The company uses discounted value of debts divided in to long and short term debts. The value of debt is updated if lease period is changed or if prediction of buying out abilities will change (updated according to discount rate) or if the lease

charges will change due to other than rate changes (updated with no changes to discount rate). The difference in value is written according to changes in right to use value changes.

- Assets which are the subject matter of a financing lease have to be disclosed as user's assets; assets which are the subject matter of an operating lease have to be disclosed as lessor's assets. Information required by MSSF 16 are revealed in additional explanatory notes.
- Company uses exemptions specified in MSSF 16, which means that it does not follow the regulations mentioned in §§22-49 MSSF 16 (which means that it does not reveal the rights to use and commitments in accordance to MSSF 16 for lessees, it only reveals ongoing lease cost) concerning:
  - short term lease agreements (less than 1 year)
  - where lease value does not exceed 4.000,00 PLN.
- If the Company performs a leaseback transaction, it qualifies lease as operating lease or financial lease in accordance to §63 MSSF 16.
- In case of operating lease the Company recognizes asset as financial asset and it recognizes provided incomes with linear method during the lease duration.
- In case of financial leasing, the Group recognizes a net leasing investment in accordance with §§68-74 IFRS 16. In case of the financial leasing of own products, the fair value of the product or the discounted leasing value lower than it is recognized as revenue from sales. If the leasing interest rate is lower than the market interest rate, the discounted leasing fees are determined using the market rate.
- If the Group makes a leaseback transaction, the transaction is accounted for in accordance with §§99-103 IFRS 16. Possible profit from the disposal of an asset to the lessor is recognized in the result proportionally to the value of the rights transferred to the lessor, if the asset is transferred according to IFRS 15. In the lack of such a transfer, no profit is recognized, assets are not excluded and the consideration received is recognized as a financial liability.

Intangible assets (IA)

- A definition of IA has been specified in §12 of MSR 38 "Intangible Assets" and criteria for their recognition in §21 of MSR 38.
- The Company initially recognizes IA acquired in separate transactions at acquisition prices, while IA produced by the Company at a production cost.
- If software licenses or similar assets are acquired, costs of implementation of software incurred until the date of bringing it to the assumed fitness for purpose specified by the Company's Management Board should be recognized under the IA initial value. The implementation costs do not include costs of employee trainings which encumber profit or loss on the date they are incurred.

- Only IA meeting the criteria specified for development works in §57 of MSR 38 may be classified as IA produced by the Company. Goodwill, trademarks etc. are not classified as IA, if produced by the Company.
- After the initial recognition, the Company evaluates IA at the purchase price or cost of production less amortization write-offs, pursuant to the model specified in § 74 of MSR 38.
- With regard to each IA, the Company determines a period of economic useful life. A period of economic useful life may be unlimited. A period of economic useful life resulting from legal titles may not be longer than a period of validity of such titles.
- IA is subject to amortization in a period of economic useful life from the day on which an asset is ready for use until the date on which it is excluded from recognition or it is intended for sale.
- The Entity applies a straight-line amortization method of IA, unless other methods (degressive method, method based on production units) better reflect the consumption of economic benefits. The Company may apply other methods and rates in order to establish tax income.
- An amortization period and method are subject to periodic verification, at least at the end of each financial year. If a significant change is found as compared to previous estimates, the entity changes amortization rates and/or method starting from the first day of the reporting period.
- IA with an indefinite period of economic useful life and goodwill are not subject to amortization, but they are tested for impairment loss at the end of each financial year and when there are premises that impairment loss of IA has occurred. Moreover, the correctness of the assumption that IA has an indefinite period of useful life is verified on an annual basis and, if needed, IA is reclassified to amortized IA. Goodwill is not subject to reclassification.
- IA of the initial value not exceeding PLN 3,000.00 are charged as a single entry to costs of "purchase of tools and equipment" recorded on account 411-09 and recognized under off-balance sheet records. IA of the initial value above PLN 3,000.00 are recognized in IA itemized records and amortized as a single entry in the month following the month in which IA are ready for use as expected by the management.

Investment property

- Principles of recognition and evaluation of investments in property are regulated in MSR 40 "Investment property".
- The Company classifies real properties held to generate rent income or an increase in their value as investment properties. If the real property is also used for own needs of the Company, while the separately used part may not constitute a separate ownership unit, the real property is treated as a fixed asset, if the use for own needs prevails, or as investment in the real property, if the investment character prevails.

- The Company evaluates real properties at fair values. Due to the materiality principle, the Company assumes that the valuations referred to in the previous point, made up to 3 months before or after the date on which the given valuation is made, meet the valuation conditions on that day, if no significant changes took place at that time changes in the external environment affecting the value of a given property. At the same time, in the case of real estate purchased on the free market six months before the balance sheet date, no real estate valuation update is required if there were no significant changes in the external environment.

Shares in subsidiaries

The Dekpol S.A. Capital Group as of the balance sheet date is composed of Dekpol S.A. as the parent entity and twenty two subsidiaries.

All of the above companies are subject to full consolidation.

Direct subsidiaries of Dekpol S.A.:

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

2) Dekpol 1 Sp. z o.o. S.K.A. - is responsible in the DEKPOL Group for the management of subsidiaries appointed to perform specialized tasks as well as intangible and intellectual values in the DEKPOL 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, which took place on 1st of january 2020;

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;

6) Dekpol Steel Sp. z o.o. – the purpose of the creation was to separate an organized part of the enterprise Dekpol S.A. covering the production of accessories for construction machinery and transferring it in kind to this company, which took place on January 1, 2020;

7)Dekpol Budownictwo Sp. z o.o. - the purpose of the creation is to separate in the future an organized part of the enterprise of Dekpol S.A. covering general contracting activities and its transfer in kind to this company.

Indirect subsidiaries of Dekpol S.A. (via Dekpol 1 Sp. z o.o. S.K.A.):

1) Dekpol Royalties Sp. z o.o. - a company responsible in the DEKPOL Group for brand service in the context of image and product promotion (The Management Board plans to liquidate the Company in 2019),

2) Almond Sp. z o.o. – company owning the property in Gdańsk at Toruńska street 12 (Hotel Almond),

Indirect subsidiaries of Dekpol S.A. (via Dekpol Deweloper Sp. z o.o.):

1) Dekpol Inwestycje Sp. z o.o. - general partner of special purpose vehicles carrying out individual development investments 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. Neo Jasień Sp. k. (formerly 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 Pszenna Sp. z o.o. - general partner of a special purpose vehicle for the implementation of a development investment on ul. Pszenna in Gdańsk;

3) Nordic Milan Sp. z o.o. - the company operates in the development industry; owns land property in Milanówek, on which it has completed the Eco Milan development project;

4) Smartex Sp. z o. o. - the owner of a land property in Wrocław at ul. Braniborska, where the Company, as the general contractor, intends to jointly develop a development project with a natural person who owns 37.7% of Smartex shares. Dekpol Deweloper Sp. z o.o. owns 62.3% of shares in Smartex and the right to purchase 37.7% of shares in Smartex. A special purpose vehicle - Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k.

Indirect subsidiaries of Dekpol S.A. (via 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 vehicle for the implementation of a development investment under the name Grano Residence in Gdańsk at ul. Przenna.

Indirect subsidiaries of Dekpol S.A. (via Dekpol Deweloper Sp. z o.o. oraz Dekpol Inwestycje Sp. z o.o.):

1) Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k. - a special purpose vehicle for the implementation of a development investment under the name Pastelowa in Gdańsk;

2) Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k. - a special purpose vehicle for the implementation of development investments in Rokitki and Śliwiny near Tczew;

3) Dekpol Inwestycje Sp. z o.o. Development Sp. k. - a special purpose vehicle for the implementation of smaller development investments, including in Jurata, Hel and Gdańsk;

4) Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k. - a special purpose vehicle for the implementation of a development investment in Wrocław;

5) Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k. - a special purpose vehicle for the implementation of a development investment under the name Foresta in Gdańsk;

6) Dekpol Inwestycje Sp. z o.o. Grano Resort Sp. k. - a special purpose vehicle for the implementation of a development investment in Gdańsk on Sobieszewska Island;

7) Dekpol Inwestycje Sp. z o.o. WBH Sp. k. - a special purpose vehicle for the implementation of a development investment in Warsaw;

8) Dekpol Inwestycje Sp. z o.o. Neo Jasień Sp. k. (formerly Dekpol Inwestycje Sp.z o.o. Osiedle Zielone Sp.k.) - a special purpose vehicle for the implementation of a development investment under the name Neo Jasień in Gdańsk;

9) Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k. a special purpose vehicle for the implementation of a development investment in Wiślinka;

10) Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp. k. - a special purpose vehicle for the implementation of smaller development investments in Gdańsk on the Sobieszewska Island.

Dekpol S.A. owns 100% shares in: Dekpol 1 Sp. z o.o., UAB DEK LT Statyba, Betpref Sp. z o.o., Dekpol Deweloper Sp. z o.o., Dekpol Steel Sp. z o.o., Dekpol Budownictwo 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. owns 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. Neo Jasień Sp. k. (formerly 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., having 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 the company 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 the amount of PLN 500, attributable to the company's second limited partner.

- Dekpol S.A. operates in three areas:
- general contracting in the field of construction of industrial, public, sports and recreational 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 and apart hotels as well as commercial and service areas;
- production of accessories for construction machinery.

Financial instruments

- For the valuation of financial assets, the Company applies the principles set out in MSR 27 "Separate Financial Statements" and MSSF 9 "Financial Instruments".
- The company measures in its separate financial statements investments in subsidiaries and associates at cost in accordance with § 10 (a) of MSR27.
- The Company classifies financial assets other than investments in subsidiaries and associates in accordance with the definitions set out in MSSF 9 upon initial recognition in the following categories:
    - Assets measured at amortized cost,
    - Assets measured at fair value through other comprehensive income.

- The Company identifies and separates embedded derivatives if they meet the criteria specified in § 4.3.3 MSSF 9. The Company does not separate currency derivatives embedded in contracts concluded in a currency other than the functional currency of the Company, if the contract currency is the functional currency for the other party to the contract.

The company has implemented a model of expected credit losses in accordance with a simplified method acceptable for use by MSsF 9. In particular, write-downs for receivables are created:

- Receivables lost - in full,

- For expected credit losses - in the estimated amount based on the historical relation of write-offs of receivables lost in the last 3 years to the balance of receivables at the beginning of the period,

- For losses due to late payments - in an estimated amount based on historical data on late payments in the last 3 years before the balance sheet date.

Derivative financial instruments

They did not occur in the financial year.

Inventory

- The rules for recognizing and measuring inventories are contained in MSR 2 "Zapasy".
- Inventories are valued at acquisition prices or production costs, not higher than the net realizable value.
- To the cost of production of work in progress or finished products, the Company includes all direct costs and variable indirect costs of producing the inventory component as well as the part of fixed indirect costs that was incurred as a result of using normal production capacity.
- The company sets an annual production plan for each month for the production department (quantity - mass of finished products manufactured). If the plan implementation does not exceed 90%, the proportion of fixed indirect production costs proportional to the unrealized plan shall not be included in the costs of inventory production. In addition, fixed indirect production costs for the period of plant or department downtime are not eligible for the cost of inventory if the downtime exceeds one business day.
- The costs of unused production capacity are charged to the costs of basic operating activities in the month they were incurred.
- The cost of inventories does not include exchange rate differences or interest on liabilities financing inventories.

- Purchase costs are recognized as an increase in the value of materials, provided that they can be directly allocated.
- Inventory outgoings are valued according to the first in - first out (FIFO) method.
- The inventory of finished products of the steel constructions and fittings department is valued at reference prices corresponding to the planned manufacturing costs. The differences in the actual cost of production to the cost at reference prices are referred to as deviations and are accounted for in the financial result of the period in proportion to the value of finished products referred to the result of the period at reference prices.
- At the end of the reporting period, the Company compares the valuation of inventories at purchase price or production cost to the net realizable value. For items for which the net realizable value is lower than the carrying value, the Company makes a write-off to the net realizable value.
- The company determines the progress of works on construction service contracts with the share of costs incurred in the contract in the costs of the planned contract. To measure the progress of work, costs not covered by the plan are not included. Costs incurred include material costs, insofar as they relate to embedded materials as planned. Non-embedded materials are included in the stock of materials.

Equity

- The company includes in equity:
  - Equivalent of issued equity instruments (shares, stock options, etc.). Equity instruments The Company distinguishes from liabilities in accordance with the provisions of § 15-20 IAS 32 "Financial Instruments - Presentation". Depending on legal regulations, they are recognized as share capital, supplementary capital or reserve capital.
    - In the case of issuing compound instruments, consisting of an equity instrument and a financial liability (e.g. bonds for shares), the Company separates and measures the equity instrument by presenting its value as equity.

  - Retained earnings - depending on the shareholders' decision, presented as supplementary or reserve capitals. They are valued at their nominal value.
  - The effects of the valuation of assets and liabilities recognized directly in equity - presented as reserve capitals. They are valued at their nominal value.
  - Undivided result from previous years. It is valued at the nominal value.
- Equity is not subject to revaluation, except for hyperinflation in accordance with MSR 29 "Financial reporting in hyperinflationary economies".

Reserves

- The company recognizes provisions for liabilities in accordance with IAS 19 "Employee benefits" in respect of provisions for employee benefits and IAS 37 "Provisions, contingent liabilities and contingent assets" in respect of other provisions. The company creates reserves for the following employee benefits:
  - retirement benefits - using actuarial methods. The Company considers the discount rate on the average yield of 10-year Treasury bonds from the last 12 months before the balance sheet date as the discount rate. The company adopts the expected increase in salaries above inflation of 1% per year. The company estimates the provision once every 3 years, unless there have been significant changes in the size and structure of employment or the discount rate;
  - The company does not use the "actuarial corridor".
  - Unused employee leaves - are estimated as the product of the average remuneration in the Company constituting the basis on the balance sheet date for the payment of the equivalent for unused vacation (including mark-ups charged to the employer's costs) and the number of days of unused vacation;
  - Other short-term employee benefits related to the reporting period - bonuses, salaries etc. - are treated as liabilities if their value is determined and unconditional. Otherwise, they are recognized as provisions.
- The company creates the following provisions for other titles:
  - On the effects of legal disputes - in the amount of the full value of the subject of dispute and the expected costs related to the dispute, if the legal assessment shows a medium or high probability of losing;
  - For warranty repairs and complaint costs - created based on the historical relation of repair costs incurred to sales revenues of products covered by the warranty;
  - For future losses from pending business operations - created if the contract to which the Company is party incurs burdens, e.g. a contract has been signed that will result in losses, the contract terms have not been fulfilled, which will result in the obligation to pay compensation;
  - For restructuring costs - if the conditions specified in par. 77 of MSR 37 - in the amount specified in par. 80-83 MSR 37.

Accrued expenses

- The company settles over time incurred costs that relate to future reporting periods. In particular, billing in proportion to the passage of time shall cover:
  - Insurance costs;
  - Subscription and subscription costs;
  - Costs of utilities, rents etc. pre-paid.

Deferred income

Subsidies and state aid

- Government grants and disclosure of government assistance information is regulated by MSR 21 "Accounting for received subsidies and state aid".
- Subsidies for costs or revenues incurred or obtained in the past are recognized as income in the period in which they became due. Subsidies are presented as a separate item of revenues from basic operating activities, unless they relate to costs or revenues of other operating activities - then they are presented as other operating revenues.
- Subsidies to assets are recognized as deferred income and accounted for in revenues in proportion to the value of the subsidized asset written off into costs. The settled part of the subsidy is presented as income at the same level of the profit and loss account, in which the costs related to the subsidized asset are recognized.

Income tax

- The principles of valuation and recognition of income tax are regulated by MSR 12 "Income tax".
- The taxable income (tax loss) of the Company is the income (loss) for a given period, determined in accordance with the principles established by the Polish tax authorities, on the basis of which income tax is payable (refundable).
- Current tax is the amount of income tax payable (refundable) on taxable income (tax loss) for a given period.
- Positive and negative temporary differences, assets and provisions for deferred income tax (ODPD), tax and balance sheet value of assets and liabilities are defined in § 5 of MSR 12.
- Assets due to deferred income tax constitute amounts anticipated in future periods to be deducted from income tax due to:
  - Negative temporary differences
  - Carry forward to unused tax losses and
  - Transferring unused tax credits to the next period.
- Tax expense (tax income) consists of the current tax expense (current tax income) and deferred tax expense (deferred tax income).
- The company creates a provision for deferred income tax (recognizes an asset for deferred income tax) in all those cases where the realization or settlement of the carrying amount of an asset or liability results in an increase (decrease) in the amount of future tax payments compared to the amount that it would be appropriate if this implementation or settlement would not have tax effects.
- Current valuation of tax receivables and liabilities should be made in amounts requiring payment according to the rates legally or actually binding as at the balance sheet date.

- Based on the forecasts of financial results in subsequent years, it is necessary to assess whether there are premises (planned taxable income) to create a deferred tax asset or to adjust its value.
- The company does not discount deferred tax assets and reserves.
- Assets and reserves from temporary differences, the effects of which were recognized directly in equity, will be recognized in equity and not in the result of the period.
- Tax receivables and liabilities are separately disclosed in the financial statements, as are assets and provisions under ODPD.
- Current income tax liabilities and liabilities should not be offset. Compensation is allowed only if the Company:
  - Has an enforceable legal title to offset the amounts recognized,
  - Intends to pay tax in the net amount or to simultaneously pay the debts and settle the liability.
- Assets and provisions for ODPD should not be offset. Compensation is allowed only if the Company:
  - Has an enforceable legal title to offset the amounts recognized,
  - Assets and reserves relate to income tax imposed on one or several taxpayers under several conditions.
- Disputes with tax authorities result in recognition of contingent liabilities. If the probability of an unfavorable settlement is high, the Company recognizes reserves in accordance with MSR 37 "Reserves".

Transactions denominated in foreign currencies

- The principles of valuation and recognition of transactions in foreign currencies are regulated by MSR 21 "Effects of changes in foreign exchange rates".
- The functional currency of the Company is Polish zloty (PLN). The company prepares financial statements in the functional currency.
- The company measures transactions in foreign currencies at the immediate exchange rate as at the transaction date. It is assumed that the immediate exchange rate as at the transaction date is the average exchange rate of the National Bank of Poland from the day preceding the transaction.
- As at the balance sheet date, the Company measures assets and liabilities expressed in foreign currencies:
  - Cash (currencies as well as receivables and liabilities expressed in foreign currencies) - according to the immediate maturity exchange rate as at the balance sheet date, i.e. according to the average exchange rate of the National Bank of Poland as at the balance sheet date,
  - Non-monetary items measured at historical cost - at the exchange rate as at the transaction date, i.e. they are not subject to revaluation as at the balance sheet date,

- Non-monetary items measured at fair value - using exchange rates that were in force on the date on which the fair value was determined, i.e. the average exchange rate of the National Bank of Poland on that day.

- If the effects of the valuation of a non-monetary item at fair value are recognized in equity, the exchange differences on the valuation are recognized in the same way. Otherwise, exchange differences are recognized in the result for the period.

Sales Revenues

- The principles for recognizing revenues other than those obtained from the sale of financial instruments are set out in MSSF 15 "Revenue from contracts with clients".

- Revenues and costs obtained from the sale of financial instruments are recognized at the date of excluding the disposed financial instrument from the balance sheet in accordance with MSSF 9.

- Revenue is measured at fair value of the payment. If the payment date is deferred, the revenue should be recognized at the discounted amount at the date of creation. The discount value is the interest (financial) income recognized in accordance with the effective interest rate during the deferred payment period. Revenue is not discounted if the payment period does not exceed 180 days.

Thus, the Company recognizes revenues from contracts with customers only if all of the following conditions are met:

- the parties to the contract have concluded a contract and are required to perform their obligations,
- the entity is able to identify the rights of each party regarding the goods or services to be transferred;
- the entity is able to identify the payment terms for the goods or services to be transferred;
- the contract has economic content and
- it is likely that the Company will receive a remuneration which it will be entitled in exchange for goods or services which will be transferred to the client.

- Revenue should be recognized when the significant risks and benefits of an asset are transferred and when the Company ceases to be permanently involved in managing the asset as an owner. In addition, revenue is considered to have been achieved if the amount of revenue can be estimated reliably and it is probable that the enterprise will obtain economic benefits from the transaction and if the costs incurred can be measured reliably.

- When determining the moment of achieving revenues, the International Trade Terms - "Incoterms" are used. (International Commercial Terms), developed by the International Chamber of Commerce in Paris.

In accordance with the standard, revenue from sales is recognized when and to the extent that the entity meets the obligation to provide a service or deliver goods. Fulfillment of the obligation occurs when the customer gains control over the transferred asset. Revenues from sales are recognized at the transaction price, i.e. the amount expected to be paid. If the amount of income is variable, according to the new standard, variable amounts are included in income, as long as there is a high probability that in the future there will be no reversal of revenue recognition as a result of revaluation.

The company transfers control over a good or service over time and thus meets the obligation to provide a service and recognizes revenue over time if one of the following conditions is met:

- the customer simultaneously receives and benefits from the benefits as it is provided,
- as a result of the performance of the asset, an asset is created or improved, and the control over this asset - as it arises or is improved - by the customer,
- as a result of the performance of the service, no alternative component is created for the Company, but it has an enforceable right to pay for the service rendered so far. In the case of general contracting, they fulfill this criterion.

- Both in the case of the provision of construction services by the Company and the supply of accessories for construction machinery, there is generally one obligation to perform the service. Thus, the issue of attributing the transaction price to the performance obligation does not require estimation. In the case of construction contracts, the level of progress of the works and the expected margin should be estimated.
- If the price depends on future events or if there is an intention to grant a discount at the end of the contract, the Company estimates the price for the performance of the obligation and includes in the transaction price part or all of the amount of variable remuneration only to the extent that there is a high probability that no there will be a reversal.
- The costs of commission on sales are settled when the premises are sold.
- The Company does not identify the financing component in contracts with respect to retained deposits, in which the retained amount is a guarantee of good performance of the contract due to low significance.
- For each obligation to perform a service fulfilled over time, the Company recognizes revenue based on input-based measurement methods (method of the share of

costs incurred until the date of determining the revenue in the total cost of the service).

- Dividends should be recognized when the shareholders' right to receive them is established.

Operating costs

- Costs are recognized in profit or loss on the date they are incurred, i.e. when the assets or liabilities to which they correspond are excluded.
- The costs of employee benefits are recognized in the period in which the employees rendered their work.
- Borrowing costs are recognized as costs of the period in which they were incurred, except for costs that can be directly attributed to the acquisition, construction or production of the qualifying asset. They should then be activated as part of the purchase price or production cost of this asset.

The rules for settling construction contracts

- For implemented construction contracts not constituting a development activity, the Company applies the provisions of IFRS 15 "Revenue from contracts with Customers".
- The progress of work, if possible, is determined on the basis of the share of costs incurred to the costs budgeted for the project. The costs incurred do not include the value of materials transferred to the construction site but not built in as intended.
- The margin is recognized on the basis of comparing the contract value with planned costs (budget).
- The total difference between estimated revenues and invoiced revenues is recognized as receivables from construction contracts (positive difference) or liabilities due to construction contracts (negative difference).

Settling the costs of property development activity

- To the cost of manufacturing objects as part of development activities, costs that meet the criteria for the technical cost of manufacturing are recognized, including:
  - Direct manufacturing costs,
  - Indirect costs associated with the construction of the facilities, in particular:
    - Logistics department costs (fuel, car maintenance, logistics management, drivers' remuneration when cars are used on various projects) - accounted for development projects and general contracting according to the key of direct manufacturing costs.

  - Costs of the procurement department of general contracting and development activities - accounted for development projects and general contracting according to the direct production cost key.
- The company extracts accounting devices (accounts) for each development project (Order). The criterion for separating the Order is the estimated time of completion of construction of all objects (buildings and structures) covered by the given order and the similarity of the objects covered by the Order. As part of a single order, expenditure on the production of facilities whose planned completion of use differs by more than 6 months (i.e. the earliest object completed under the order will be completed earlier than 6 months before the last object completed under the order) should not be included. Within one order should not include objects for which the estimated cost of producing PU (usable floor space of the premises) differs more than by 20%. After completing the order, the costs are billed per square meter of PU according to the following algorithm:

$$TKW\ 1m2\ PU = [(PKZR) – (POPS)*(CPOPS)]/(PUO)$$

Where:

- TKW - technical manufacturing cost
- PKZR - total order costs incurred
- POPS - area of auxiliary facilities subject to sale (garages, basements)
- CPOPS - expected selling price per square meter of ancillary facilities
- PUO - total usable area of premises

- The above algorithm assumes that auxiliary areas are valued according to expected sales revenues, similarly to auxiliary production. The costs of shared facilities are billed proportionally per square meter of PU.
- If the data as part of a given order has been completed and is subject to sale or commissioning before the completion of other objects (if other objects are planned to be completed no later than within 6 months from the completion of the first object under the order), then the costs are calculated per square meter of PU of the completed object according to the following algorithm:

$$FTKW\ 1m2\ PU = [(PKZR) + (FKZR) – (POPS)*(CPOPS)]/(PUO)$$

Where:

- TKW - estimated technical manufacturing costs
- FKZR - Estimated future costs necessary to complete the order

- After completing the order (no later than within 6 months) the costs are finally determined and FTKW is corrected to TKW.

- In the event that the initial assumption that all objects under the order will be completed within 6 months and the value of the production cost of 1 m2 PU of the implemented objects will not differ by more than 20% will not be confirmed, the company will distribute orders in accordance with applicable criteria and all costs previously incurred under the order are subject to re-assignment broken down into new orders.

- If the company incurs significant outlays on joint parts related to many orders, these outlays are divided into orders proportionally to PU, and the settlement is made only in relation to open orders or planned to be opened within 12 months from the day of incurring these expenditures.

9. Financial risk management

In operations of the Capital Group DEKPOL S.A. the following types of financial risks are relevant:

- interest rate risk - as part of its operations, the Group is exposed to interest rate risk. The Group has financial liabilities, the financial cost of which is calculated on the basis of a variable WIBOR base interest rate and a fixed margin. An increase in the base rate by 0.5 pp would cause an increase in financial costs by approx. 1482 thousand. PLN, assuming that the balance of liabilities bearing a fixed rate would remain unchanged throughout the financial year.
- exchange rate risk and risk of changes in raw material prices - due to a further increase in the scale of operations in foreign currencies, the Group is exposed to currency risk from concluded transactions. Such risk arises as a result of sales or purchases made by the Group in currencies other than the national currency. If as at 31/12/2019 the EUR exchange rate was higher or lower by 3%, then the Group's financial assets would be higher or lower by PLN 945,000. PLN and financial liabilities higher or lower by 471 thous. PLN - as a result of negative or positive exchange rate differences resulting from the conversion of receivables, loans granted, cash accumulated on bank accounts and trade liabilities. In order to limit the risk of exchange rate fluctuations, in the currency settlements related to export sales and imported purchases, the Group largely uses natural hedging, which results in balancing currency flows. During short-term and identifiable imbalances in currency flows, the Group will use currency derivatives to unrealistically hedge future cash flows.
- credit risk - a potential economic crisis may cause financial instability of the Group's recipients and thus temporary difficulties in the recovery of receivables and the formation of payment gridlocks. The Group minimizes credit risk through diversification of the recipient portfolio and consistent application of the monitoring and debt recovery procedures.

- liquidity risk - the Group manages liquidity risk by financial planning, matching the maturity of assets to liabilities and by the surplus of available financing sources over the current needs of the Group.

The Group does not have instruments hedging the indicated financial risks and does not keep hedge accounting. The Group strives to minimize the impact of the above risks by applying ongoing monitoring of individual risk areas through implemented control procedures and regular risk exposure analysis.

Other risks affecting the operations of the Company and the Dekpol Capital Group were further described in the Management Board's Report on operations.

10. Important assessments and judgements

The estimates of the Management Board of DEKPOL S.A., affecting the values disclosed in the financial statements, mainly relate to:

- the anticipated period of economic usability of fixed assets and intangible assets,
- write-downs on assets, including, among others, assets held for sale,
- progress of works determined for the purposes of settlement of construction service contracts together with specification of the planned margin realized on the contract,
- discounts, projected salary increases and actuarial assumptions used in calculating provisions for retirement and pension benefits,
- fair value of investment property,
- future tax results taken into account when determining deferred tax assets.

The methodology used to determine the estimated values is based on the best knowledge of the Company's Management Board and is consistent with the requirements of MSSF. The methodology for determining accounting estimates is applied consistently to the last reporting period, except for the methodology for estimating revaluation write-offs for credit losses related to trade receivables, in accordance with the methodology specified in MSSF 15 "Revenue from contracts with clients". In the opinion of the Management Board, the application of a new methodology for estimating receivables write-offs would not significantly affect the comparative data. Changes to revaluation write-offs are presented in the further part of the information in additional explanatory notes to individual asset items.

11. Changes in accounting policy and errors found in previous years and their impact on financial result and equity

The accounting principles (policies) used to prepare the financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2018, except for minor changes (which have no significant effect on the reporting data) and the application of new or amended standards and interpretations applicable to annual periods beginning on or after 1 January 2019. The Group applied MSSF 16 "Leases" for the first time. Other new or amended standards and interpretations that apply for the first time in 2019 do not have a material impact on the Group's financial statements.

In the reporting period, no errors related to previous years were found in previously published financial statements that would have a significant impact on the financial result or / and equity. The financial statements for 2019 are created using new or amended standards and interpretations applicable to annual periods beginning on or after January 1, 2019. The implementation of MSSF 16 "Leasing" had a significant impact on the financial statements. MSSF 16 "Leases" applies to annual periods beginning on or after January 1, 2019. The new standard sets out rules for the recognition, measurement, presentation and disclosure of leasing. All lease transactions result in the lessee obtaining the right to use the asset and the liability for payment. Thus, IFRS 16 abolishes the classification of operating and financial leasing in accordance with IAS 17 and introduces one model for accounting accounting of the leasing by the lessee. Each time the company assesses whether the contract is a lease or contains a lease. The contract is a lease or contains a lease if it provides the right to control the use of the identified asset for a given period in exchange for remuneration. The contract identification process was based on a decision tree in accordance with MSSF 16 point B.31. The Group determines the value of the right to use the asset and the lease liability. The right to use the asset is treated like other non-financial assets and depreciated accordingly. Assets under the right to use were valued at cost. The cost of the asset due to the right to
usage includes:

- the amount of the initial valuation of the lease liability;
- all leasing payments paid on or before the start date, less any leasing incentives received;
- initial direct costs incurred by the lessee in connection with the conclusion of the leasing contract;
- an estimate of the costs to be borne by the lessee in relation to the obligation to dismantle and remove the underlying asset or carry out renovation.
- Lease liabilities are initially measured at the present value of the lease payments payable during the lease period, discounted by the marginal interest rate. The marginal interest rate is the rate that the lessee would have to pay to borrow for a similar period and with similar collateral the assets necessary to purchase an asset with a similar value as the asset due to the right to use in a similar economic environment. In order to estimate the marginal interest rate, the entity took into account:
- the rate indicated by the lessor or
- interest on loans taken out for periods comparable with the duration of the lease agreement, in the same currency, with a similar level of collateral and taking into account the risk specific to the Dekpol Capital Group.

Consolidated Financial Statement of DEKPOL S.A. for period from 01.01.2019 till 31.12.2019 (data in thousands of PLN)

- As at the date of initial recognition, the lease payments included in the valuation of the lease liability include the following types of fees for the right to use the underlying asset for the duration of the lease:
- fixed leasing fees less any leasing incentives due;
- variable leasing fees depending on market indices;
- amounts expected to be paid under the guaranteed final value of the leased asset;
- the call option exercise price if it can be assumed with sufficient certainty that it will be exercised;
- payment of contractual penalties for termination of the lease if the lease period reflects the lessee's use of the option to terminate the contract.

The Group uses simplifications regarding short-term leases (less than 12 months) and leases for which the underlying asset is of low value (less than PLN 4,000) and for these contracts it will not recognize financial liabilities and related assets under the right to use. Lease payments in this respect are recognized as costs using the straight-line method during the lease period.
The impact of the implementation of MSSF 16 on the Company's financial statements is as follows (PLN thousand):

	31.12.2018	MSSF 16 influence	01.01.2019
Non-current assets	207 758	909	208 667
Tangible fixed assets	79 958	909	80 867
Liabilities			
Other long-term financial liabilities	7 662	239	7 901
Other short-term financial liabilities	8 462	670	9 132

The Group applied MSSF 16 prospectively, i.e. the cumulative effect of applying the standard on January 1, 2019 was presented and therefore comparable data was not restated. The Group also made several changes to the accounting policy that have been in force since January 1, 2019, in particular, the limits for simplifications adopted for the one-off recognition of fixed assets and intangible assets in the costs of the acceptance period have been increased, a limit has been introduced on allowable and non-explanatory deviations between acceptance documents inventory and invoices related to them, in connection with the creation of the estimated revaluation write-down on expected credit losses, the rules for creating write-offs for lost receivables were changed (which is treated as a change).

The above changes are not significant and therefore have been applied prospectively.

12. Platform of applied International Financial Reporting Standards

12.1. Statement of compliance

These financial statements have been prepared in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of European Commission Regulations, hereinafter referred to as MSSF.

12.2. Amendments to standards or interpretations in force applied for the first time

The following amendments to existing standards issued by the International Accounting Standards Board (RMSR) enter into force for the first time:

- Amendments to various standards resulting from the annual review of International Financial Reporting Standards (Annual Improvements 2014-2016) On December 8, 2016, as a result of the review of IFRS, minor amendments were made to the following 3 standards:
    - MSSF 1 Interim financial reporting, as regards the removal of several exemptions provided for in this standard, which no longer apply,
    - MSR 28 Investments in associates and joint ventures, to the extent that investment entities (e.g. venture capital) may decide to choose the method of valuing shares in associates or joint ventures at fair value rather than using the equity method. They apply to annual periods beginning on 1 January 2018 (except for amendments to MSSF 12, which apply to annual periods beginning on 1 January 2017 or later) or later.

- Amendments to MSSF 2: Classification and measurement of share-based payment transactions Amendments to MSSF 2 were published on June 20, 2016 and apply to annual periods beginning on January 1, 2018 or later. The purpose of the changes in the standard was to clarify the treatment of certain types of share-based payment transactions.
- Amendments to MSSF 4: Application of MSSF 9 "Financial Instruments" in MSSF 4 "Insurance Agreements" published on September 12, 2016. They apply to annual periods beginning on or after 1 January 2018.
- KIMSF22 Transactions in Foreign Currency and Advance Payment the new interpretation was published on December 8, 2016 and applies to annual periods beginning on January 1, 2018 or later. The purpose of the interpretation is to indicate how to determine the date of the transaction for the purpose of determining the appropriate exchange rate (for conversion) of a transaction in a foreign currency when the Entity pays or receives an advance in a foreign currency.
- Amendment to MSR 40 Transfer of investment property The amendment to MSR 40 was published on December 8, 2016 and applies to annual periods beginning on

January 1, 2018 or later. Its purpose is to clarify that the transfer of real estate from or to investment real estate can take place when and only when the use of the property has changed.

- MSSF 9 Financial instruments

The new standard was published on July 24, 2014 and applies to annual periods beginning on January 1, 2018 or later. The purpose of the standard is to organize the classification of financial assets and to introduce uniform principles for the approach to assessing impairment of all financial instruments. The standard also introduces a new hedge accounting model in order to harmonize the principles for recognizing information on risk management in financial statements.

In the period covered by the report, the Company applied MSSF 9 "Financial Instruments" for the first time.

MSSF 9 replaced MSR 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after January 1, 2018. MSSF 9 addresses three areas related to financial instruments: classification and measurement, impairment and hedge accounting.

According to the best estimates of the Company, the application of MSSF 9 did not have a significant impact on the financial statements prepared in previous years, therefore, as at December 31, 2018, no adjustment was made that would be recognized as a result of previous years.

- Classification and pricing

According to the new standard, financial assets are classified only into three categories: financial assets at amortized cost, financial assets at fair value through other comprehensive income or financial assets at fair value through profit or loss.

Financial assets and liabilities are recognized when the Company becomes a party to a binding contract. Initially, financial assets are measured at fair value (in the case of financial assets / liabilities subsequently measured at amortized cost, the initial value should be added or deducted, respectively, transaction costs).

Trade receivables that do not contain a significant financing component are initially recognized at their transaction price.

The classification of financial assets is based on the Company's business model in terms of managing financial assets and on the characteristics of the contractual cash flows for this asset.

A financial asset is measured at amortized cost if:

- the financial asset is held in line with the business model that aims to generate contractual cash flows, and
- the terms of the contract for a financial asset create cash flows that are only repayable principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through the other comprehensive income account if:

- the financial asset is maintained in accordance with the business model, which aims to obtain both contractual cash flows and the sale of financial assets, and
- the terms of the contract for a financial asset create cash flows that are only repayable principal and interest on the principal amount outstanding.

Other financial assets are measured at fair value through profit or loss.

MSSF 9 did not change the classification of financial liabilities.

The company does not apply hedge accounting.

- Impairment of financial assets

On January 1, 2018, the Group implemented the expected loan loss model in accordance with a simplified method acceptable for use by MSSF 9.

- Write-down for expected credit losses

MSSF 9 also changes the model in determining impairment losses - from the incurred losses model to the expected losses model. On January 1, 2018, the Group implemented the expected credit loss model in accordance with the simplified method acceptable for use by MSSF 9. The following arguments are justified for the application of the above model:

- receivables held by the Group did not contain a significant financing element as defined in MSSF 15, i.e. there was no significant financing component that could adjust the promised amount of remuneration,
- the receivables met the condition of expectation that they would be repaid in less than a year.

The simplified model allows to calculate credit losses over the entire lifetime of receivables.

- MSSF15 Revenue from contracts with customers

The new unified standard was published on May 28, 2014 and applies to annual periods beginning on January 1, 2018 and its earlier application is allowed. The standard establishes a uniform framework for recognizing revenues and contains principles that will replace most of the detailed guidelines for recognizing revenues currently existing in MSSF , in particular in MSR 18 Revenue, MSR 11 Construction Contracts and related interpretations.

- Clarification of the provisions of MSSF 15: Revenue from contracts with customers

The specification of MSSF 15 was published on April 12, 2016 and applies to annual periods beginning on or after January 1, 2018 (in accordance with the date of application of the entire standard). The purpose of the changes in the standard was to clarify doubts arising during pre-implementation analyzes regarding: identification of performance obligations, guidelines for the application of the standard in terms of identifying the payer / agent and revenues from licenses related to intellectual property, and finally transition periods when the new application is used for the first time standard.

In the reporting period, the Company first applied MSSF 15 "Revenue from Contracts with Customers" and Amendments to MSSF 15: "Date of entry into force of MSSF 15". The company decided to apply the standard retrospectively. The company decided not to transform data from earlier periods and to include the possible impact of the first application in the initial balance of the result from previous years.

According to the best estimates of the Company, the application of MSSF 15 did not have a significant impact on the financial statements prepared in previous years (except for the recognition of cash on fiduciary assets), therefore, as at December 31, 2018, no adjustment was made that would be recognized as a result of previous years.

MSSF 15 introduces so-called a five-step model based on which revenue from contracts with customers should be appropriately recognized. It contains precise guidelines related to the identification of contracts and obligations of benefits, determination of the transaction price, as well as the allocation of remuneration to the obligations of performance and the moment of recognition of revenues. In addition, in accordance with MSSF 15, revenue recognition is based on the transfer of control rather than on the basis of risk and benefit transfer as before.

Thus, the Group recognizes revenues from contracts with customers only when all of the following conditions are met:

1. the parties to the contract have concluded a contract and are required to perform their obligations,

2. the entity is able to identify the rights of each party regarding the goods or services to be transferred;

3. the entity is able to identify the payment terms for the goods or services to be transferred;

4. the contract has economic content and

5. it is likely that the Company will receive a remuneration which it will be entitled in exchange for goods or services that will be transferred to the client.

All the identified contracts have economic content and payment terms, and receiving remuneration at the time of signature is highly likely.

According to the standard, revenues from sales are recognized at the moment and to the extent that the entity meets the obligation to perform the service or delivery of the goods. Fulfillment of the obligation occurs when the customer gains control over the transferred asset. Revenues from sales are recognized at the transaction price, i.e. the amount expected to be paid. If the amount of income is variable, according to the new standard, variable amounts are included in income, as long as there is a high probability that in the future there will be no reversal of revenue recognition as a result of revaluation.

The company transfers control over a good or service over time and thus meets the obligation to provide a service and recognizes revenue over time if one of the following conditions is met:

- the customer simultaneously receives and receives benefits from the service as it is performed,

- an asset is created or improved as a result of the performance of the service, and the customer has control over this asset as it is created or improved,

- as a result of the performance of the service, no alternative component is created for the Company, but it has an enforceable right to pay for the service rendered so far. In the case of general contracting, they fulfill this criterion.

In the case of both the provision of construction services by the Group and the supply of accessories for construction machinery, there is generally one obligation to provide the service. Thus, the issue of attributing the transaction price to the performance obligation does not require estimation.

If the price depends on future events or if there is an intention to grant a rebate at the end of the contract, the Group estimates the price for performing the obligation and includes in the transaction price part or all of the amount of variable remuneration only to the extent that there is a high probability that no there will be a reversal.

The costs of commission on sales are settled when the premises are sold.

The Group does not identify the financing component in contracts in relation to retained deposits, in which the retained amount is collateral for good performance of the contract due to low significance.

For each obligation to perform a service fulfilled over time, the Company recognizes revenue based on input-based measurement methods (method of the share of costs incurred until the date of determining the revenue in the total cost of the service).

Because the existing rules for recognizing revenues from contracts meet the criteria in IFRS for identifying liabilities, this will not affect the financial position in the presented consolidated financial statements.

12.3. Earlier application of standards and interpretations

The company did not apply any standards or interpretations prior to its entry into force.

12.4. Introduction of new MSSF

The following standards and interpretations have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee, partly entered into force as at the balance sheet date:

- MSSF 16 Leases

The new standard was published on January 13, 2016 and applies to annual periods beginning on or after January 1, 2019, and its earlier application is permitted (but only if MSSF 15 is applied simultaneously). The standard replaces the existing leasing regulations (including MSR 17) and radically changes the approach to leasing contracts of various nature, requiring lessees to show assets and liabilities under concluded leasing contracts, irrespective of their type.

- MSSF 17 Insurance Agreements

The new standard was published on May 18, 2017 and applies to annual periods beginning on or after January 1, 2021. Earlier application is permitted (provided that MSSF 15 and MSSF 9 are applied simultaneously). The standard replaces the existing regulations regarding insurance contracts (MSSF 4).

KIMSF 23 Uncertainty regarding the manner in which income tax is recognized

The new interpretation was published on June 7, 2017 and applies to annual periods beginning on January 1, 2019 or later. The purpose of the interpretation is to indicate how to include income tax in financial statements in cases where existing tax regulations may leave room for interpretation and disagreement between the entity and tax authorities.

Amendment to MSSF 9: Prepayments with negative compensation

The change in MSSF 9 was published on October 12, 2017 and applies to annual periods beginning on January 1, 2019 or later. Its purpose is to indicate the valuation principles for financial assets that can be repaid earlier on the basis of contractual terms and, formally, could not meet the requirements of the test 'payment of capital and interest only', which would exclude their valuation at amortized cost or at fair value through other total income.

Amendment to MSR 28: Long-term interests in associates and joint ventures

The amendment to MSR 28 was published on October 12, 2017 and applies to annual periods beginning on January 1, 2019 or later. Its purpose is to indicate the valuation principles for shares in associates and joint ventures when they are not measured using the equity method.

Amendments to various standards resulting from the annual review of International Financial Reporting Standards (Annual Improvements 2015-2017)

On December 12, 2017, as a result of the MSSF review, minor amendments were made to the following standards:

- MSSF 3 Business Combinations, to the extent that it clarifies that at the time of taking control, the entity shall re-measure its interest in the joint operation,

- MSSF 11 Joint Arrangements, to clarify that at the time of assuming joint control, the entity does not re-measure its share in the joint operation,

- MSR 12 Income Taxes, indicating that all tax consequences of dividend payments should be recognized in the same way,

- MSR 23 Borrowing costs, ordering to include in the sources of financing of a general nature also credits and loans that were originally used to finance the emerging assets - from the moment when the assets are ready for use in accordance with the intended purpose (use or sale). They apply to annual periods beginning on or after January 1, 2019.

- Amendments to MSR 19: 'Employee benefits' - changes to the defined benefit program

The amendments to MSR 19 were published on February 7, 2018 and apply to annual periods beginning on January 1, 2019 or later. The changes relate to the method of re-valuing defined benefit plans in the event that they change. Changes in the standard mean that in the event of a re-measurement of a net asset / liability under a given program, updated assumptions should be applied to determine the current employment cost and interest costs for periods after the change of the program. Until now, MSR 19 did not explain this precisely.

Change in MSSF 3 Business combinations

The change in MSSF 3 was published on October 22, 2018 and applies to annual periods beginning on January 1, 2020 or later. The purpose of the change was to clarify the definition of a business and to more easily distinguish acquisitions of 'ventures' from asset groups for the purpose of merger settlement.

- Amendments to MSR 1 and MSR 8: Definition of the term 'material'

The amendments to MSR 1 and MSR 8 were published on October 31, 2018 and apply to annual periods beginning on January 1, 2020 or later. The purpose of the changes was to clarify the definition of 'materiality' and facilitate its practical application. MSSF as approved by the EU do not currently differ significantly from regulations adopted by the International Accounting Standards Board (MSR B), except for the following standards, interpretations and amendments thereto, which as at the date of approval of these financial statements for publication have not yet been adopted for application by EU countries:

- MSSF 14 Regulatory Deferral Accounts published on January 30, 2014 (suspension of the process of acceptance for use by EU countries),

- MSSF 17 Insurance Agreements, published on May 18, 2017,

- Amendments to MSSF 10 and MSR 28: Sale or contribution of assets between an investor and its associate or joint venture published on 11 September 2014 (the process of acceptance for use by EU countries suspended)

- Change in MSSF 3 Business Combinations published on October 22, 2018,

- Amendments to MSR 1 and MSR 8: Definition of the term 'material' published on October 31, 2018.

This report does not reflect changes in standards and interpretations that are awaiting approval by the European Union. In the opinion of the Management Board, the above-mentioned changes in standards and interpretations will not significantly affect the financial data disclosed in the Company's financial statements.

Consolidated Financial Statement of DEKPOL S.A. for period from 01.01.2019 till 31.12.2019 (data in thousands of PLN)

FINANCIAL SITUATION REPORT

Item	Note	31.12.2019	31.12.2018
Fixed assets		**239 195**	**207 758**
Property, plant and equipment	1.	81 888	79 957
Intangible assets		428	307
Goodwill	3.	0	0
Investment properties	2.	145 346	116 872
Stocks and shares		10	0
Receivables		782	599
Other long-term financial assets		2 822	2 499
Long-term deferred charges		0	0
Deferred income tax assets		7 920	7 523
Current assets		**715 786**	**693 059**
Inventory	6.	369 681	340 586
Receivables from contracts for construction services		66 457	48 493
Trade receivables and other receivables	7.	157 345	233 464
Other short-term financial assets		0	0
Short-term deferred charges	9.	6 039	4 559
Cash and cash equivalents		116 264	65 957
including cash on escrow accounts		28 185	24 372
Assets classified as held for sale		0	0
Assets in total		**954 981**	**900 817**

Consolidated Financial Statement of DEKPOL S.A. for period from 01.01.2019 till 31.12.2019 (data in thousands of PLN)

FINANCIAL SITUATION REPORT

Item	Note	31.12.2019	31.12.2018
Equity		**242 314**	**191 525**
Share capital		8 363	8 363
Equity from sales of shares over its nominal value		26 309	26 309
Other equities		188 479	154 590
Own shares (-)		0	0
Profit (loss) from previous years		1	0
Profits retained:		19 160	2 263
Equity attributable to equity holders of the parent		**242 312**	**191 524**
Non-controlling shares		**2**	**1**
	13.	**197 100**	**258 515**
Deferred income tax provision		24 985	16 821
Liabilities and provisions on employee benefits		124	107
Other long-term provisions		0	3
Long-term credits, borrowings and debt instruments		145 041	214 069
Other long-term financial liabilities		3 310	7 662
Other long-term liabilities		23 640	19 854
Short-term liabilities	**13.2.**	**515 567**	**450 777**
Liabilities and provisions on employee benefits		6	15
Other short-term provisions		19 866	14 222
Short-term credits, borrowings and debt instruments		142 445	60 338
Other short-term financial liabilities		7 287	8 462
Liabilities due to construction contracts		0	0
Trade liabilities and other liabilities		339 747	361 018
Receivables from future terms		6 216	6 721
Liabilities connected to assets intended for sale		**0**	**0**
Liabilities in total		**954 981**	**900 817**

Consolidated Financial Statement of DEKPOL S.A. for period from 01.01.2019 till 31.12.2019 (data in thousands of PLN)

STATEMENT OF COMPREHENSIVE INCOME

CALCULATION VARIANT

Item	Note	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Revenue from sales	16.1	772 119	837 034
Costs of goods sold	16.3.	688 799	743 708
Gross profit (loss) from sales		**83 321**	**93 326**
Selling costs	16.2.	22 757	27 889
General administrative expenses	16.2.	17 228	19 038
Other operating income	16.4.	37 749	26 987
Other operating expenses	16.5.	10 125	21 133
Operating profit (loss)		**70 960**	**52 253**
Financial revenues	17.1.	157	287
Financial expenses	17.2.	8 388	7 323
Share In profit (loss) of entities accounted using the equity method		0	0
Profit (loss) before tax		**62 729**	**45 217**
Income tax		11 941	11 285
Profit (loss) from continuing operations		**50 788**	**33 932**
Net profit (loss)		50 788	33 932
Other net comprehensive income		0	17
Total income attributable to non-controlling shareholders		0	0
Total income attributable to shareholders of the parent entity		**50 788**	**33 949**

Consolidated Financial Statement of DEKPOL S.A. for period from 01.01.2019 till 31.12.2019 (data in thousands of PLN)

STATEMENT OF CASH FLOWS

(indirect method)

Item	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Profit (loss) before tax	**62 729**	**45 217**
Adjustments:	**15 215**	**-6 360**
Depreciation	10 219	7 897
Change of fair value of investment properties	0	-20 107
Profit (loss) from sales of non-financial tangible assets	-714	0
Profit (loss) from sales of financial assets (other than derivatives)	0	0
Profits (losses) from foreign exchange differences	-75	0
Interests and shares in profits	5 784	5 849
Other adjustments	0	0
Change in working capital	**13 079**	**-103 250**
Change in inventories	-20 280	-88 078
Change in receivables	59 545	-164 589
Change in liabilities	-33 673	138 305
Change in provisions and accruals	7 486	11 113
Other adjustments	0	0
Income tax on profit before taxation	-10 455	-11 285
Income tax paid	2 259	8 101
Net cash from operating activities	**82 825**	**-65 079**
Expenses for the acquisition of intangible assets	-403	-669
Proceeds from the sale of intangible assets	0	0
Expenses for the acquisition of property, plant and equipment	-7 707	-4 499
Proceeds from the sale of property, plant and equipment	316	277
Expenses for the purchase of investment property	-7 400	-12 308
Proceeds from the sale of investment property	-2 800	0
Net expenditure on the acquisition of subsidiaries	-10	0
Received repayments of loans granted	0	0
Loans granted	0	0
Expenses for the acquisition of other financial assets	-322	-1 240
Interest received	51	
Proceeds from the sale of other financial assets	0	0
Net cash from investment activities	**-18 275**	**-18 439**

Consolidated Financial Statement of DEKPOL S.A. for period from 01.01.2019 till 31.12.2019 (data in thousands of PLN)

Net inflows from issue of shares	0	0
Purchase of own shares (buyback)	0	0
Inflows from issue of debt securities	29 550	132 045
Redemption of debt securities	-24 587	-46 033
Inflows from loans and borrowings taken out	138 831	90 411
Repayment of loans and borrowings	-132 354	-58 138
Repayment of liabilities under finance lease	-9 091	-7 121
Interest paid	-16 583	-10 846
Dividends paid	0	-9 868
Inflows from received grants	0	0
Other inflows (expenses) from investment activities	0	0
Net cash from financial activities	**-14 234**	**90 450**
Change in net cash and cash equivalents without exchange differences	50 316	4 434
Change in cash and cash equivalents due to exchange differences	0	0
Net change in cash and cash equivalents	50 316	4 434
Cash and cash equivalents at the beginning of the period	**65 947**	**61 524**
Cash and cash equivalents at the end of the period	**116 264**	**65 957**
Including cash of limited disposal right	28 237	27 608

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2019 till 31.12.2019 (data in thousand PLN)

REPORT ON CHANGES IN EQUITY IN THE REPORTING PERIOD

Item	Base capital	Share capital	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
Balance at the beginning of the period	**8 363**	**0**	**26 309**	**154 590**	**h0**	**2 263**	**1**	**0**	**191 525**
Error corrections of previous years	0	0	0	0	0	-1	0	0	-1
Balance at the beginning of period after changes	8 363	0	26 309	154 590	0	2 262	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	33 889	0	-33 889	0	0	0
Total transactions with the owners	**0**	**0**	**0**	**33 889**	**0**	**-33 889**	**1**	**0**	**1**
Net profit (loss)	0	0	0	0	0	50 788	0	0	50 788
Other total net income	0	0	0	0	0	0	0	1	1
Total income	**0**	**0**	**0**	**0**	**0**	**50 788**	**0**	**1**	**50 788**
Balance at the end of the period	**8 363**	**0**	**26 309**	**188 479**	**0**	**19 160**	**2**	**1**	**242 314**

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2019 till 31.12.2019 (data in thousand PLN)

REPORT ON CHANGES IN EQUITY IN THE PREVIOUS REPORTING PERIOD

Item	Base capital	Share capital	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
Balance at the beginning of the period	**8 363**	**0**	**26 309**	**141 070**	**0**	**-8 282**	**1**	**-17**	**167 443**
Error corrections 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
Total transactions with the owners	**0**	**0**	**0**	**13 519**	**0**	**-23 387**	**1**	**0**	**-9 867**
Net profit (loss)	0	0	0	0	0	33 932	0	0	33 932
Other total net income	0	0	0	0	0	0	0	17	17
Total income	**0**	**0**	**0**	**0**	**0**	**33 932**	**0**	**17**	**33 949**
Balance at the end of the period	**8 363**	**0**	**26 309**	**154 590**	**0**	**2 263**	**1**	**0**	**191 525**

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2019 till 31.12.2019 (data in thousand PLN)

ADDITIONAL EXPLANATORY NOTES

1. PROPERTY, PLANT AND EQUIPMENT

1.1. PROPERTY, PLANT AND EQUIPMENT

Item	31.12.2019	31.12.2018
Land	7 898	8 056
Buildings and structures	28 858	27 646
Machines and technical devices	24 501	27 089
Vehicles	7 020	7 736
Other fixed assets	1 834	1 382
Fixed assets under construction	9 028	8 026
Advances in respect of tangible fixed assets	2 748	23
Net value of property, plant and equipment	**81 888**	**79 957**

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2019 till 31.12.2019 (data in thousand PLN)

1.2. PROPERTY, PLANT AND EQUIPMENT IN THE REPORTING PERIOD

Item	Land	Buildings and structures	Machines and technical devices	Vehicles	Other fixed assets	Fixed assets under construction	Advances for fixed assets	Total
Gross carrying amount at the beginning of the period	**8 953**	**31 229**	**40 488**	**12 113**	**2 788**	**8 026**	**23**	**103 619**
Direct aquisitions	0	28	2 817	1 846	826	3 635	2 725	11 877
Adoption of fixed assets under construction	0	2 330	117	0	147	-2 594	0	0
Increases due to business combinations	0	0	0	0	0	0	0	0
Reclassifications	0	-31	42	0	9	-39	0	-19
Decreases due to sales	0	0	-220	-364	-21	0	0	-605
Decreases due to liquidation	0	-558	-239	-28	-59	0	0	-884
Gross carrying amount at the end of the period	**8 953**	**32 998**	**43 005**	**13 567**	**3 690**	**9 028**	**2 748**	**113 988**
Accumulated amortization at the beginning of period	**-897**	**-3 582**	**-13 399**	**-4 378**	**-1 405**	**0**	**0**	**-23 661**
Increase in depreciation for the period	-157	-597	-5 470	-2 545	-518	0	0	-9 289
Reclassifications	0	30	0	0	0	0	0	30
Decreases due to sales	0	0	162	348	15	0	0	526
Decreases due to liquidation	0	9	203	28	52	0	0	292
Accumulated amortization at the end of period	**-1 054**	**-4 140**	**-18 504**	**-6 547**	**-1 856**	**0**	**0**	**-32 101**
Impairment allowances at the beginning of the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions during the period	0	0	0	0	0	0	0	0
Impairment allowances at the end of the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net value at end of period	**7 898**	**28 858**	**24 501**	**7 020**	**1 834**	**9 028**	**2 748**	**81 888**

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2019 till 31.12.2019 (data in thousand PLN)

1.3. PROPERTY, PLANT AND EQUIPMENT IN THE PREVIOUS REPORTING PERIOD

Item	Land	Buildings and structures	Machines and technical devices	Vehicles	Other fixed assets	Fixed assets under construction	Advances for fixed assets	Total
Gross carrying amount at the beginning of the period	**6 891**	**14 621**	**30 796**	**6 879**	**2 548**	**8 900**	**96**	**70 730**
Direct aquisitions	2 062	9 566	9 491	5 884	855	6 966	0	34 823
Adoption of fixed assets under construction	0	5 984	656	154	1 086	-7 879	0	0
Increases due to business combinations	0	45	0	0	0	0	-73	-28
Reclassifications	0	1 255	-99	0	-1 450	39	0	-254
Decreases due to sales	0	0	-15	-769	0	0	0	-785
Decreases due to liquidation	0	-243	-341	-34	-251	0	0	-868
Gross carrying amount at the end of the period	**8 953**	**31 229**	**40 488**	**12 113**	**2 788**	**8 026**	**23**	**103 619**
Accumulated amortization at the beginning of period	**-807**	**-3 118**	**-8 766**	**-3 205**	**-1 372**	**0**	**0**	**-17 268**
Increase in depreciation for the period	-90	-469	-4 984	-1 547	-358	0	0	-7 449
Reclassifications	0	-78	16	0	88	0	0	26
Decreases due to sales	0	0	327	345	0	0	0	672
Decreases due to liquidation	0	82	8	30	237	0	0	356
Accumulated amortization at the end of period	**-897**	**-3 582**	**-13 399**	**-4 378**	**-1 405**	**0**	**0**	**-23 661**
Impairment allowances at the beginning of the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions during the period	0	0	0	0	0	0	0	0
Impairment allowances at the end of the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net value at end of period	**8 056**	**27 646**	**27 089**	**7 736**	**1 382**	**8 026**	**23**	**79 957**

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2. INVESTMENT ESTATES

2.1. INVESTMENT ESTATES

Item	31.12.2019	31.12.2018
Land not leased	29 634	13 172
Real estate leased	115 712	103 700
Advances for investment properties	0	0
Net carrying amount	**145 346**	**116 872**

The rental property consists of the Almond's property valued at fair value by an independent appraiser.
Basic parameters for the valuation of perpetual usufruct of land and ownership rights to a hotel building located on it, located at ul. Toruńska 12 (Almond Hotel), adopted by an independent property appraiser:

- a lease agreement was in force until December 31, 2013 and provides for income from basic rent as well as additional rent from turnover from hotel and catering activities,
- assumed constant increase in occupancy and achieving stabilization in the fourth year,
- assumed increase in ADR and its stabilization in the fourth year,
- assumed reduction of departmental costs and their stabilization in the fourth year,
- assumed decrease in general and administrative costs not related directly to the activities of individual departments in total sales and their stabilization in the fourth year,
- taking the appropriate reserve for renovations and equipment replacement,
- capitalization rate at 8.0%.

The hotel is subject to lease based on an agreement between Almond Sp. z o.o., the owner of the object, and City Hotel Management Sp. z o.o. from 30/06/2016 to 31/12/2032. Revenues from basic rent, during the term of the above-mentioned agreement, will be at the level of 17% - 24% of revenues of the Dekpol Capital Group for 2016.

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The rent will be subject to indexation for the price index of goods and services announced by the President of the Central Statistical Office.

In addition, from February 1, 2020, Almond Sp. z o.o. an additional rent of a certain% on turnover from hospitality activities and a certain% on turnover from catering will be attached.

All operating costs of the property are covered by the lessee.

The value of the property located in Wrocław at ul. Braniborska has been determined based on an appraisal of an independent appraiser. For the valuation purposes, a mixed approach and residual method were chosen.

The property located in Gdańsk Sobieszewo with an area of 5.1666 ha, land and mortgage register KW GD1G / 00106869/5 has changed its purpose from real estate related to real estate development activities to investment real estate. The reason for this is that at present the future use of the land concerned is indefinite. This condition will last for at least 12 months.

The Sol Marina property with an area of 2.95 ha, land and mortgage register KW GD1G / 00096301/2 remains an investment property. The value of the property was determined on the basis of an appraisal report by an independent appraiser. The comparative method was chosen for the valuation.

2.2. INVESTMENT PROPERTIES DURING THE REPORTING PERIOD

Item	Land not leased	Investment properties leased	Advances for investment properties	Total
Investment properties at the beginning of the period	13 172	103 700	0	116 872
Increases due to business combinations	0	0	0	0
Property selling	-1 700	0	0	-1 700
Property purchase	1 400	28 632	0	30 032
Other changes (reclassifications, transfers, etc.) (+/-)	-4 237	-27 649	0	-31 886
Revaluation to fair value (+/-)	20 999	11 029	0	32 028
Investment properties at the end of the period	**29 634**	**115 712**	**0**	**145 346**

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2.3. INVESTMENT PROPERTIES IN THE PREVIOUS REPORTING PERIOD

Item	Land not leased	Investment properties leased	Advances for investment properties	Total
Investment properties at the beginning of the period	8 504	90 437	0	98 941
Increases due to business combinations	0	0	0	0
Property purchase	1 395	0	0	1 395
Other changes (reclassifications, transfers, etc.) (+/-)	-3 334	0	0	-3 334
Revaluation to fair value (+/-)	6 607	13 263	0	19 870
Investment properties at the end of the period	**13 172**	**103 700**	**0**	**116 872**

3. COMPANY VALUE AND OTHER INTANGIBLE ASSETS

3.1. INTANGIBLE ASSETS

Item	31.12.2019	31.12.2018
Goodwill	0	0
Patents and licenses	425	307
Development costs	0	0
Other intangible assets	3	0
Intangible assets net	**428**	**307**

3.2. INTANGIBLE ASSETS IN THE REPORTING PERIOD

Item	Goodwill	Patents and licenses	Development costs	Other intangible assets	Total
Gross carrying amount at beginning of period	**1 141**	**1 470**	**224**	**0**	**2 834**
Aquisition	0	403	0	5	408
Decreases due to liquidation	0	-288	0	0	-288
Gross carrying amount at end of period	**1 141**	**1 585**	**224**	**5**	**2 955**
Accumulated amortization at beginning of period	-1 141	-1 162	-224	0	-2 527
Increase in depreciation for the period	0	-225	0	-2	-227
Decreases due to liquidation	0	228	0	0	228

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Accumulated amortization at end of period	**-1 141**	**-1 159**	**-224**	**-2**	**-2 526**
Impairment allowances at the beginning of the period	**0**	**0**	**0**	**0**	**0**
Impairment allowances at the end of the period	**0**	**0**	**0**	**0**	**0**
Net value at the end of period	**0**	**425**	**0**	**3**	**428**

3.3. INTANGIBLE ASSETS IN THE PREVIOUS REPORTING PERIOD

Item	Goodwill	Patents and licenses	Development costs	Other intangible assets	Total
Gross carrying amount at beginning of period	**1 141**	**976**	**224**	**0**	**2 340**
Aquisition	0	557	0	0	557
Decreases due to liquidation	0	-62	0	0	-62
Gross carrying amount at end of period	**1 141**	**1 470**	**224**	**0**	**2 834**
Accumulated amortization at beginning of period	**-1 141**	**-826**	**-179**	**0**	**-2 145**
Increase in depreciation for the period	0	-399	-45	0	-444
Decreases due to liquidation	0	62	0	0	62
Accumulated amortization at end of period	**-1 141**	**-1 162**	**-224**	**0**	**-2 527**
Impairment allowances at the beginning of the period	**0**	**0**	**0**	**0**	**0**
Impairment allowances at the end of the period	**0**	**0**	**0**	**0**	**0**
Net value at the end of period	**0**	**307**	**0**	**0**	**307**

4. SHARES

None

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5.OTHER FINANCIAL ASSETS

5.1. OTHER FINANCIAL ASSETS

Item	31.12.2019	31.12.2018
Derivatives	0	0
Other long-term financial assets	2 822	2 499
Long-term grantem loans	0	0
Other long-term financial assets	**2 822**	**2 499**
Short-term loans	0	0
Units in Open Inestment Funds	0	0
Other short-term financial assets	**0**	**0**

6. RESERVES

6.1. RESERVES STRUCTURE

Item	31.12.2019	31.12.2018
Materials balance values	25 675	36 884
Goods balance values	843	2 235
Finished products balance values	2 751	4 198
Semi-finished products and work in progress balance value	16 085	21 256
Premises under construction balance value	262 582	180 707
Finished premises balance value	61 745	95 306
Reserves	**369 681**	**340 586**

6.2. RESERVE UPDATING WRITE-OFFS

Item	31.12.2019	31.12.2018
Reserves write-offs at the beginning of period	961	2 342
Reserves write-offs created in period	0	369
Reserves write-offs reversal in period (-)	0	1 751
Reserves write-offs other changes	0	0
Reserves write-offs at the end of period	**961**	**961**

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7. LONG-TERM RECEIVABLES

7.1. LONG-TERM RECEIVABLES

Item	31.12.2019	31.12.2018
Deposits from construction services	2 763	1 870
Deposits from other titles	18	5
Other receivables	0	0
Receivables write-offs (-)	0	0
Long-term receivables	**2 782**	**1 875**

7.2. LONG-TERM RECEIVABLES UPDATE WRITE-OFFS

Item	31.12.2019	31.12.2018
Status at the beginning of period	0	0
Write-offs as cost in period	0	0
Write-offs used (-)	0	0
Write-off terminated addend as income in period (-)	0	0
Other changes (net FX differences from settlement)	0	0
Status at the end of period	**0**	**0**

7.3. SHORT-TERM RECEIVABLES

Item	31.12.2019	31.12.2018
Receivables due to contracts with clients net	92 653	186 117
Receivables due to current income tax	5	1 607
Receivables due to other taxes, duties and social security	16 407	13 052
Deposits from construction services balance value	35 565	15 405
Deposits from other titles	3	0
Prepay and advance payment balance value	12 638	14 726
Other receivables balance value	74	2 558
Receivables from dividend - short-term	0	0
Trade receivables and other receivables	**157 345**	**233 464**

7.4. SHORT-TERM RECEIVABLES UPDATE WRITE-OFFS

Item	31.12.2019	31.12.2018
Status at the beginning of period	10 355	3 416
Write-downs terminated added as income in period (-)	-709	-574
Write-downs used (-)	-3 706	0
Write-downs as cost in period	1 994	7 513
Other changes (net FX differences from settlement)	0	0
Status at the end of period	**7 934**	**10 355**

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7.5. STRUCTURE OF PAYABLES BY PAYMENT TERMS IN REPORTING PERIOD

Item	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term receivables	**0**	**0**	**0**	**0**	**0**	**2 274**	**503**	**5**	**2 782**
Trade receivables	38 218	21 384	19 781	2 484	9 496	1 291	0	0	92 653
Prepayments and payables	0	12 638	0	0	0	0	0	0	12 638
Deposits from construction services	10 961	2 170	4	3	22 428	0	0	0	35 565
Deposits from other titles	0	0	0	3	0	0	0	0	3
Receivables due to taxes	0	5	0	0	0	0	0	0	5
Receivables due to other taxes	0	16 368	39	0	0	0	0	0	16 407
Other receivables	0	74	0	0	0	0	0	0	74
Receivables in total	**49 178**	**52 569**	**19 824**	**2 490**	**31 923**	**3 565**	**503**	**5**	**160 057**

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7.6. STRUCTURE OF PAYABLES BY PAYMENT TERMS IN PREVIOUS REPORTING PERIOD

Item	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term receivables	**0**	**0**	**0**	**0**	**0**	**485**	**1 391**	**0**	**1 875**
Trade receivables	42 459	116 783	22 405	4 334	136	0	0	0	186 117
Prepayments and payables	0	0	14 724	0	2	0	0	0	14 726
Deposits from construction services	905	66	0	1 049	13 385	0	0	0	15 405
Deposits from other titles	0	0	0	0	0	0	0	0	0
Receivables due to taxes	0	1 607	0	0	0	0	0	0	1 607
Receivables due to other taxes	190	10 223	2 639	0	0	0	0	0	13 052
Other receivables	**14**	**3**	**2 540**	**0**	**0**	**0**	**0**	**0**	**2 558**
Receivables in total	**43 568**	**128 682**	**42 309**	**5 383**	**13 523**	**485**	**1 391**	**0**	**235 340**

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7.7. OVERDUE RECEIVABLES STRUCTURE IN REPORTING PERIOD

Item	Non-overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 year	Total
Trade receivables	54 435	11 016	9 955	3 742	12 152	1 353	92 653
Prepayments and payables	12 638	0	0	0	0	0	12 638
Deposits from construction services	24 604	2 741	453	6 564	1 203	0	35 565
Deposits from other titles	3	0	0	0	0	0	3
Receivables due to taxes	5	0	0	0	0	0	5
Receivables due to other taxes	16 407	0	0	0	0	0	16 407
Other receivables	74	0	0	0	0	0	74
Overdue receivables	**108 097**	**13 757**	**10 408**	**10 306**	**13 355**	**1 353**	**157 275**

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7.8. OVERDUE RECEIVABLES STRUCTURE IN PREVIOUS REPORTING PERIOD

Item	Non-overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 year	Total
Trade receivables	143 649	15 640	22 859	3 969	0	0	186 117
Prepayments and payables	14 726	0	0	0	0	0	14 726
Deposits from construction services	14 500	0	0	296	2	607	15 405
Deposits from other titles	0	0	0	0	0	0	0
Receivables due to taxes	1 607	0	0	0	0	0	1 607
Receivables due to other taxes	13 052	0	0	0	0	0	13 052
Other receivables	2 558	0	0	0	0	0	2 558
Overdue receivables	**190 092**	**15 640**	**22 859**	**4 265**	**2**	**607**	**233 464**

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8. CASH

8.1. CASH SPECIFICS

Item	31.12.2019	31.12.2018
Bank accounts	59 244	51 658
Including cash of limited disposal right	28 185	27 608
Cash in deposit	659	280
Short-term deposits	56 355	8 762
Other cash and cash equivalent	6	5 257
Cash and cash equivalents	**116 264**	**65 957**

Cash of limited disposal right includes cash funds accumulated as at the balance sheet date in escrow accounts. The release of funds from escrow accounts by the banks that supervise them is closely related to the development schedules of property development investments.

9. DEFERRED CHARGES

9.1. ACTIVE DEFERRED CHARGES

Item	31.12.2019	31.12.2018
Insurance	426	429
Guarantees	267	263
Provisions from sale of premises	907	942
Other	4 439	2 924
Deferred charges in total	**6 039**	**4 559**

10. EQUITIES

10.1. SHARE CAPITAL

Item	31.12.2019	31.12.2018
Number fo shares	8 363	8 363
Nominal value of the share (PLN)	0	0
Share capital	**8 363**	**8 363**

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Equity	The number of shares issued as of 31.12.2019	The number of shares issued as of 31.12.2018	The number of shares authorized for issue as of 31.12.2019	The number of shares authorized for issue as of 31.12.2018
Series A	6 410 000	6 410 000	0	0
Series B	1 952 549	1 952 549	0	0
Total:	**8 326 549**	**8 326 549**	**0**	**0**

10.2. CHANGES IN NUMBER OF SHARES

Major shareholders	Number of shares	Number of votes	Nominal value of shares (in PLN)	Share in the share capital / total number of votes
Mariusz Tuchlin	6 449 860	6 449 860	6 449 860	77,13%
Familiar S.A. SICAV-SIF**	679 583	679 583	679 583	8,13%
Other shareholders	1 233 106	1 233 106	1 233 106	14,74%
Combined:	**8 362 549**	**8 362 549**	**8 362 549**	**100%**

* based on the number of shares registered at the Ordinary General Meeting of the Company convened for June 28, 2019.

11. RESERVES

11.1. RESERVES SPECIFICS

Item	31.12.2019	31.12.2018
Reserves for unused holidays	1 274	1 335
Reserves for court litigations	4 176	510
Reserves for losses on construction contracts	0	3 305
Reserves for guarantee repairs	5 004	6 008
Other Reserves	9 413	3 065
Other short-term Reserves	19 866	14 222
Reserves for retirement benefits - short-term	6	15
Reserves for employee benefits - short-term	6	15
Reserves for retirement benefits - long-term	124	107
Reserves for employee benefits - long-term	124	107
Other long-term Reserves	0	3
Reserves	**19 997**	**14 347**

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11.2. CHANGES IN RESERVES IN REPORTING PERIOD

Item	For retirement benefits	For unused holidays	For court litigations	For guarantee repairs	For losses from contracts	Other	Total
Status at the beginning of period	122	1 335	510	6 008	3 305	3 068	14 347
Increase of provisions accounted as cost in period	8	0	2 391	0	9 344	69	11 812
Utilization of provisions accounted as revenue in period (-)	0	-61	-410	-1 000	0	-2 936	-4 407
Utilization of provisions (-)	0	0	-1 620	-4	0	-127	-1 751
Increase by merger of entities	0	0	0	0	0	0	0
Reclassifications and other changes	0	0	3 305	0	-3 305	-5	-5
Status as of the end of period	**130**	**1 274**	**4 176**	**5 004**	**9 344**	**69**	**19 997**

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11.3. CHANGES IN PROVISIONS IN PREVIOUS REPORTING PERIOD

Item	For retirement benefits	For unused holidays	For court litigations	For guarantee repairs	For losses from contracts	Other	Total
Status at the beginning of period	63	823	510	2 000	1 199	5 040	9 634
Increase of provisions accounted as cost in period	59	511	0	4 008	3 305	3 068	10 951
Utilization of provisions accounted as revenue in period (-)	0	0	0	0	-1 199	-5 040	-6 239
Utilization of provisions (-)	0	0	0	0	0	0	0
Increase by merger of entities	0	0	0	0	0	0	0
Reclassifications and other changes	0	0	0	0	0	0	0
Status as of the end of period	**122**	**1 335**	**510**	**6 008**	**3 305**	**3 068**	**14 347**

12. FINANCIAL LIABILITIES

12.1. SPECIFICATION OF FINANCIAL LIABILITIES

Item	31.12.2019	31.12.2018
Other long-term financial liabilities	3 310	7 662
Loans, borrowings and long-term debt-instruments	145 041	214 069
Long-term financial liabilities	**148 351**	**221 731**
Other short-term financial liabilities	7 287	8 462
Loans, borrowings and short-term debt-instruments	142 445	60 338
Short-term financial liabilities	**149 732**	**68 800**
Financial liabilities in total	**298 083**	**290 531**

12.2. LOANS AND BORROWINGS (IN THOUSANDS OF PLN)

Liabilities of Dekpol S.A.:

Loans and borrowings as of 31.12.2018 r.	Loan value	Balance	Currency	Interest rate	Date of repayment
Long-term					
kredyt BOŚ Bank um.S/91/01/2019/1098/K/KI	8 000	7 385	PLN	WIBOR 3M + margin	31.12.2028
kredyt Bank Spółdzielczy Skórcz/Malbork/Puck um.Z/82/O/19	9 000	4 002	PLN	WIBOR 3M + margin	31.03.2021
Long-term loans and borrowings in total		**11 387**	**PLN**	-	-
Short-term					
kredyt mBank um.10/033/19/Z/VV	10 000	9 426	PLN	WIBOR O/N + margin	28.05.2020
kredyt mBank um.10/034/19/Z/LF	15 000	6 026	PLN	WIBOR 1M + margin	28.05.2020
kredyt ING Bank Śląski um. 891/2017/00000901/00	5 000	2 123	PLN	WIBOR 1M + margin	15.07.2020
kredyt Santander um.K01263/17	6 000	5 295	PLN	WIBOR 1M + margin	22.12.2020
kredyt BGŻ BNP PARIBAS um. WAR/4100/15/348/CB	3 000	2 970	PLN	WIBOR 3M + margin	31.03.2020
kredyt BGŻ BNP PARIBAS um. WAR/4100/15/348/CB	14 000	6 677	PLN	WIBOR 3M + margin	31.07.2020
kredyt SGB-Bank um. OBRKK/12/2017/63280	30 000	29 999	PLN	WIBOR 3M + margin	31.12.2020
kredyt BOŚ Bank um.S/92/01/2019/1098/K/KOO	13 000	10 199	PLN	WIBOR 3M + margin	16.10.2020
kredyt BS Wschowa um. 164/IWS/2018	18 000	12 296	PLN	WIBOR 1M + margin	19.08.2020
kredyt Santander um.K03957/19	4 800	0	EUR	EURIBOR 1M + margin	30.06.2020
faktoring		11 779	PLN		
others		6	PLN		
Short-term loans and borrowings in total		**96 796**	**PLN**	-	-

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	Collateral
kredyt mBank um. 10/033/19/Z/VV i 10/034/19/Z/LF	mortgage up to PLN 37,500,000.00 on real estate located in Gdańsk belonging to Dekpol Deweloper Sp. z o.o. No. KW GD1G / 00174859/9 and a mortgage up to the amount of PLN 37,500,000.00 on real estate located in Gdańsk belonging to Dekpol Inwestycje Sp. z o.o. Pastelowe Sp. k. No. KW GD1G / 00311493/8
kredyt BGŻ BNP PARIBAS um. WAR/4100/15/348/CB	joint mortgage up to the amount of PLN 42,000,000.00 on the property located in Rokitki belonging to Dekpol No. GD1T / 00049849/3 and GD1T / 00050468/8 joint mortgage up to the amount of PLN 42,000,000.00 on the property located in Pinczyn belonging to Dekpol No. GD1A / 00008779/4 and GD1A / 00061343/8
kredyt SGB-Bank um. OBRKK/12/2017/63280	assignment of receivables from GW contracts
kredyt ING Bank Śląski um. 891/2017/00000901/00	bill of exchange
kredyt Santander um.K01263/17	assignment of receivables from GW contracts
kredyt Santander um.K03957/19	assignment of receivables from GW contract
kredyt BOŚ Bank um.S/91/01/2019/1098/K/KI	joint mortgage up to the amount of PLN 12,000,000.00 on real estate located in Toruń, owned by Dekpol S.A. No. KW TO1T / 00042725/4 and TO1T / 00050261/2
kredyt BOŚ Bank um.S/92/01/2019/1098/K/KOO	hipoteka łączna do kwoty 19 500 000,00 zł na nieruchomościach położonych w Toruniu należących do Dekpol S.A. nr KW TO1T/00042725/4 i TO1T/00050261/2
kredyt BS Wschowa um. 164/IWS/2018	total mortgage up to PLN 27,000,000.00 on real estate located in Gdańsk belonging to Dekpol S.A. No. KW GD1G / 00106869/5 and on real estate located in Jurata belonging to Dekpol Inwestycje Sp. z o.o. Development Sp. k. No. KW GD2W / 00018657/3
kredyt Bank Spółdzielczy Skórcz/Malbork/Puck um.Z/82/O/19	joint mortgage up to the amount of PLN 13,500,000.00 on real estate located in Gdańsk belonging to Dekpol S.A. No. KW GD1G / 000285231/2 and GD1G / 00283386/9

Loans and borrowings as of 31.12.2018 r.	Loan value	Balance	Currency	Interest rate	Date of repayment
Long-term					
kredyt SGB-Bank um. OBRKK/12/2017/63280	30 000	29 999	PLN	WIBOR 3M + margin	31.12.2020
Long-term loans and borrowings in total		**29 999**	**PLN**	**-**	**-**
Short-term					
kredyt mBank um.10/020/17/Z/VV	14 000	7 989	PLN	WIBOR O/N + margin	03.04.2019
kredyt ING Bank Śląski um. 891/2017/00000901/00	5 000	4 252	PLN	WIBOR 1M + margin	16.01.2019
kredyt Santander um.K01263/17	6 000	4 452	PLN	WIBOR 1M + margin	22.12.2019
kredyt BGŻ BNP PARIBAS um. WAR/4100/15/348/CB	3 000	1 624	PLN	WIBOR 3M + margin	10.12.2019
kredyt BGŻ BNP PARIBAS um. WAR/4100/15/348/CB	14 000	13 199	PLN	WIBOR 3M + margin	10.12.2019
kredyt SGB-Bank um.	20 000	938	PLN	WIBOR 3M + margin	07.06.2019

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OBRKK/6/2018/72360					
kredyt mBank um. 10/033/18/Z/OB	10 682	573	PLN	WIBOR 1M + margin	29.11.2019
kredyt BS Wschowa um. 164/IWS/2018	18 000	17 450	PLN	WIBOR 1M + margin	19.08.2019
kredyt Santander um. K01036/18	26 300	10 428	PLN	WIBOR 1M + margin	31.05.2019
other		6	PLN		
Short-term loans and borrowings in total		**60 911**	**PLN**	**-**	**-**

	Collateral
kredyt mBank um.10/020/17/Z/VV	assignment of receivables from GW contracts
kredyt BGŻ BNP PARIBAS um. WAR/4100/15/348/CB	joint mortgage up to the amount of PLN 42,000,000.00 on the property located in Rokitki belonging to Dekpol No. GD1T / 00049849/3 and GD1T / 00050468/8 joint mortgage up to the amount of PLN 42,000,000.00 on the property located in Pinczyn belonging to Dekpol No. GD1A / 00008779/4 and GD1A / 00061343/8
kredyt SGB-Bank um. OBRKK/12/2017/63280 i OBRKK/6/2018/72360	assignment of receivables from GW contracts
kredyt ING Bank Śląski um. 891/2017/00000901/00	bill of exchange
kredyt Santander um.K01263/17	assignment of receivables from GW contracts
kredyt mBank um. 10/033/18/Z/OB	mortgage up to the amount of PLN 16,023 150.00 on real estate located in Gdańsk belonging to Dekpol S.A. No. KW GD1G / 00227145/8
kredyt BS Wschowa um. 164/IWS/2018	total mortgage up to PLN 27,000,000.00 on real estate located in Gdańsk belonging to Dekpol S.A. No. KW GD1G / 00106869/5 and on real estate located in Jurata belonging to Dekpol Inwestycje Sp. z o.o. Development Sp. k. No. KW GD2W / 00018657/3
kredyt Santander um. K01036/18	mortgage up to the amount of PLN 39,450,000.00 on real estate located in Swarożyn owned by Dekpol S.A. No. KW GD1T / 00048870/2

Bonds (nominal value):

Bonds as of the end of reporting period 31.12.2019	Value	Balance	Currency	Interest rate	Date of repayment
Long-term					
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 G	57 660	57 660	PLN	WIBOR 6M+ margin	08.03.2021
Bonds series H	11 250	11 250	PLN	WIBOR 6M+ margin	08.03.2021
Long-term bonds in total		**103 910**	**PLN**	**-**	**-**
Short-term					
Bonds series G	19 220	19 220	PLN	WIBOR 6M+ margin	08.03.2021

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Bonds series H	3 750	3 750	PLN	WIBOR 6M+ margin	08.03.2021
Bonds series F3	9 000	6 655*	PLN	WIBOR 3M+ margin	04.01.2022
Bonds series F4	13 000	220*	PLN	WIBOR 3M+ margin	04.01.2022
Short-term bonds in total		**29 845**	**PLN**	**-**	**-**

***** *series F3, F4 bonds settled in 1Q2020 in SF were recognized as a current liability*

	Collateral
Bonds series DA i DB	mortgage up to PLN 52,500,000.00 on the right of perpetual usufruct of a real estate located in Gdańsk at ul. Toruńska, belonging to Almond Sp. z o.o. KW No. GD1G / 00047844/2,
Bonds series F3	mortgage up to the amount of PLN 13,500,000.00 on the right of perpetual usufruct of a property located in Gdańsk at ul. Pszenna belonging to DEKPOL Pszenna Sp. zoo. Sp. k. - KW No. GD1G / 00142582/3, GD1G / 00142581/6
Bonds series F4	mortgage up to the amount of PLN 19,500,000.00 on the right of perpetual usufruct of a real estate located in Gdańsk at ul. Pszenna belonging to DEKPOL Pszenna Sp. zoo. Sp. k. - KW No. GD1G / 00142582/3, GD1G / 00142581/6
Bonds series G	none
Bonds series H	none

Bonds as of the end of reporting period 31.12.2018	Value	Balance	Currency	Interest rate	Date of repayment
Long-term					
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
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
Long-term bonds in total		**158 342**	**PLN**	**-**	**-**
Short-term					
	0	0	PLN		
Short-term bonds in total		**0**	**PLN**	**-**	**-**

	Collateral
Bonds series D	mortgage up to PLN 52,500,000.00 on the right of perpetual usufruct of a real estate located in Gdańsk at ul. Toruńska, belonging to Almond Sp. z o.o. KW No. GD1G / 00047844/2,
Bonds series DA i DB	mortgage up to PLN 52,500,000.00 on the right of perpetual usufruct of a real estate located in Gdańsk at ul. Toruńska, belonging to Almond Sp. z o.o. KW No. GD1G / 00047844/2,
Bonds series F1	mortgage up to PLN 25,500,000.00 on the right of perpetual usufruct of a real estate located in Gdańsk at ul. Pszenna belonging to DEKPOL Pszenna Sp. zoo. Sp. k. - KW No. GD1G / 00142582/3, GD1G / 00142581 /6

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Bonds series F2	mortgage up to the amount of PLN 12,000,000.00 perpetual usufruct right to the property located in Gdańsk at ul. Pszenna belonging to DEKPOL Pszenna Sp. zoo. Sp. k. - KW No. GD1G / 00142582/3, GD1G / 00142581/6
Bonds series F3	mortgage up to the amount of PLN 13,500,000.00 on the right of perpetual usufruct of a property located in Gdańsk at ul. Pszenna belonging to DEKPOL Pszenna Sp. zoo. Sp. k. - KW No. GD1G / 00142582/3, GD1G / 00142581/6
Bonds series F4	mortgage up to the amount of PLN 19,500,000.00 on the right of perpetual usufruct of a real estate located in Gdańsk at ul. Pszenna belonging to DEKPOL Pszenna Sp. zoo. Sp. k. - KW No. GD1G / 00142582/3, GD1G / 00142581/6
Bonds series G	none
Bonds series H	none

Liabilities of companies from the Dekpol Capital Group:

Loans and borrowings as of 31.12.2019	Company	Loan value	Balance	Currency	Interest rate	Date of repayment
Long-term						
			0	PLN		
Long-term loans and borrowings in total			**0**	**PLN**	**-**	**-**
Short-term						
loan Eco Milan Sp. z o.o.	Nordic Milan Sp. z o.o.	8 286	1 231	PLN	contractual fixed interest rate	31.05.2020
loan Eco Milan Sp. z o.o.	Nordic Milan Sp. z o.o.	13	13	PLN	contractual fixed interest rate	31.05.2020
loan Eco Milan Sp. z o.o.	Nordic Milan Sp. z o.o.	20	20	PLN	contractual fixed interest rate	31.05.2020
loan Nordic Development S.A.	Nordic Milan Sp. z o.o.	2	2	PLN	contractual fixed interest rate	31.05.2020
loan Nordic Development S.A.	Nordic Milan Sp. z o.o.	13	13	PLN	contractual fixed interest rate	31.05.2020
credit mBank um.10/001/19/Z/OB	Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k.	45 700	1 341	PLN	WIBOR 1M + margin	30.11.2020
credit BS Wschowa um.175/IWS/2019	Dekpol Inwestycje Sp. z o.o. Development Sp. k.	5 556	3 516	PLN	WIBOR 1M + margin	21.07.2020
credit SGB-Bank um.PO/2/ORK/U/2019	Dekpol Inwestycje Sp. z o.o. Rokitki Sp. k.	12 000	8 916	PLN	WIBOR 3M + margin	31.07.2020
other						
Short-term loans and borrowings in total			**15 052**	**PLN**	**-**	**-**

Collateral		
Nordic Milan Sp. z o.o.	loans	none
Dekpol Inwestycje Sp. z o.o. Myśliwska Sp.	kredyt mBank um.10/001/19/Z/OB	mortgage up to PLN 68,550,000.00 on real estate located in Gdańsk belonging to Dekpol Inwestycje Sp.

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k.		z o.o. Myśliwska Sp. k., KW No. GD1G / 00299864/9,
Dekpol Inwestycje Sp. z o.o. Development Sp. k.	kredyt BS Wschowa um.175/IWS/2019	mortgage up to the amount of PLN 8,344,000.00 on real estate located in Gdańsk belonging to Dekpol Inwestycje Sp. z o.o. Development Sp. k., KW No. GD1G / 00233670/2,
Dekpol Inwestycje Sp. z o.o. Rokitki Sp. k.	kredyt SGB-Bank um.PO/2/ORK/U/2019	mortgage up to the amount of PLN 18,000,000.00 on the property located in Rokitki Tczewskie belonging to Dekpol Inwestycje Sp. z o.o. Rokitki Sp. k., KW No. GD1T / 00055052/4,

Loans and borrowings as of 31.12.2018	Company	Loan value	Balance	Currency	Interest rate	Date of repayment
Long-term						
loan Eco Milan Sp. z o.o.	Nordic Milan Sp. z o.o.	8 286	8 286	PLN	contractual fixed interest rate	31.03.2020
loan Eco Milan Sp. z o.o.	Nordic Milan Sp. z o.o.	13	13	PLN	contractual fixed interest rate	31.03.2020
loan Nordic Development S.A.	Nordic Milan Sp. z o.o.	2	2	PLN	contractual fixed interest rate	31.03.2020
loan Nordic Development S.A.	Nordic Milan Sp. z o.o.	13	13	PLN	contractual fixed interest rate	31.03.2020
Long-term loans and borrowings in total			**8 314**	**PLN**	**-**	**-**
Short-term						
credit BOŚ Bank um.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
credit BOŚ Bank um.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						
Short-term loans and borrowings in total			**16 991**	**PLN**	**-**	**-**

Collateral		
Nordic Milan Sp. z o.o.	loans	none
Nordic Milan Sp. z o.o.	credit BOŚ Bank um.S/58/01/2017/1157/K/KON/EKO	mortgage up to the amount of PLN 41,962,101.00 on the right of perpetual usufruct of a real estate located in Milanówek, KW No. WA1G / 00051048/8,
Nordic Milan Sp. z o.o.	credit BOŚ Bank um.S/59/01/2017/1157/K/KON/EKO	mortgage up to the amount of PLN 3,000,000.00 on the right of perpetual usufruct of a real estate located in Milanówek, KW No. WA1G / 00051048/8,

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Bonds (nominal value):

Bonds as of 31.12.2019	Value	Balance	Currency	Interest rate	Date of repayment
Long-term					
Bonds series A (Dekpol Deweloper Sp. zo.o.)	21 500	21 500	PLN	WIBOR 6M+ margin	19.06.2022
Long-term bonds in total		**21 500**	**PLN**	-	-
Short-term					
Bonds series A (Dekpol Deweloper Sp. zo.o.)	8 500	8 500	PLN	WIBOR 6M+ margin	19.12.2020
Short-term bonds in total		**8 500**	**PLN**	-	-

	Collateral
Bonds series A (Dekpol Deweloper Sp. zo.o.)	guarantee

Bonds as of 31.12.2018	Value	Balance	Currency	Interest rate	Date of repayment
Long-term					
		0	PLN		
Long-term bonds in total		**0**	**PLN**	-	-
Short-term					
		0	PLN		
Short-term bonds in total		**0**	**PLN**	-	-

Conclusion of an annex regarding the series F bond issue program

On March 6, 2019, the Company concluded an annex to the agreement on the issue of the series F bond issue program concluded in 2017 with Pekao Open Investment Fund and Pekao Obligacji investment funds - Dynamic Allocation Investment Fund (respectively "Annex", "Understanding", "Funds "). Until the date of the Annex, the Company issued series F bonds with a total nominal value of PLN 47 million (series F1-F4 bonds). According to the Agreement, F series bonds with a total nominal value of PLN 33 million (series F5-F7 bonds) remain to be issued. In view of the very good sales results of premises under the "Grano Residence" project in Gdańsk ("Investment"), for the implementation of which funds were obtained from the issue of series F bonds, it was decided in the Annex that series F5-F7 bonds will not be issued by the Company. In return, the Dekpol Capital Group will be authorized and obliged to use the proceeds from the sale of premises as part of the Investment in the amount corresponding to the total nominal value of the F5-F7 series bonds solely for the implementation of the

Investment, while the proceeds from the sale in the amount exceeding this amount will be obliged to allocate for earlier redemption of Series F1-F4 Bonds.

About the above in the event, the Company announced in current report No. 6/2019 of March 6, 2019.

Issue of series A bonds (Dekpol Deweloper Sp.z o.o.)

On June 19, 2019, the Management Board of Dekpol Deweloper Sp. z o.o. adopted a resolution on the issue of series A bonds with a total nominal value of up to PLN 30 million). On June 19, 2019, the Management Board of Dekpol Deweloper Sp. z o.o. also adopted a resolution on the allocation of 30,000 series A bonds with a nominal value of PLN 1,000 each and a total nominal value of PLN 30 million. The bonds were issued at an issue price of PLN 985 each. The bonds are secured bearer securities, not in the form of a document, bearing interest at an interest rate equal to WIBOR 6M and a margin. Interest is payable in six-month periods. Bonds are only entitled to cash benefits. The bonds will be redeemed on June 19, 2022, with the proviso that the Company is obliged to perform amortization of 8,500 bonds on the day of paying interest for the third interest period. In addition, the Company may demand early redemption of bonds on each of the interest payment days starting from the third interest period by paying a specific premium in this case (0-2% of the value of the redeemed bonds). The bondholder may demand early redemption of bonds in the case of min. the Company Capital Group exceeds certain debt ratios. The proceeds from the issue of bonds were allocated to the current operations of the Company, in particular to finance the purchase of land in Wiślinka.

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12.3. MATURITY OF FINANCIAL LIABILITIES IN THE REPORTING PERIOD

Item	Overdue	Up to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term derivative liabilities	0	0	0	0	0	0
Long-term bonds	0	0	133 655	0	0	133 655
Long-term borrowings	0	0	0	0	0	0
Long-term loans	0	0	4 002	0	7 385	11 387
Long-term leasing	0	0	2 706	603	0	3 310
Short-term derivative liabilities	0	0	0	0	0	0
Short-term leasing	0	7 281	0	0	0	7 281
Short-term bonds	0	29 853	0	0	0	29 853
Short-term borrowings	0	2 022	0	0	0	2 022
Short-term loans	0	110 570	0	0	0	110 570
Financial liabilities - maturity	**0**	**149 727**	**140 363**	**609**	**7 385**	**298 083**

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12.4. MATURITY OF FINANCIAL LIABILITIES IN THE PREVIOUS REPORTING PERIOD

Item	Overdue	Up to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term derivative liabilities	0	0	0	0	0	0
Long-term bonds	0	0	126 134	31 462	0	157 596
Long-term borrowings	0	0	8 836	0	0	8 836
Long-term loans	0	0	47 564	0	0	47 564
Long-term leasing	0	0	7 662	0	0	7 662
Short-term derivative liabilities	0	0	0	0	0	0
Short-term leasing	0	8 456	0	0	0	8 456
Short-term bonds	0	0	0	0	0	0
Short-term borrowings	0	0	79	0	0	79
Short-term loans	0	60 338	0	0	0	60 338
Financial liabilities - maturity	**0**	**68 795**	**190 274**	**31 462**	**0**	**290 531**

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13. TRADE LIABILITIES

13.1. LONG-TERM LIABILITIES

Item	31.12.2019	31.12.2018
Deposits received	15 714	10 463
Other liabilities (long-term)	7 926	18 300
Other long-term liabilities	**23 640**	**28 763**

13.2. SHORT-TERM LIABILITIES

Item	31.12.2019	31.12.2018
Trade liabilities	113 600	181 299
Liabilities due to remunerations	955	1 475
Liabilities due to current income tax	1 464	894
Liabilities due to other taxes, duties and social securities	10 922	24 821
Deposits received short-term	14 435	12 966
Prepayments and deposits received for supplies	197 651	139 358
Other short-term liabilities	719	205
Trade and other liabilities	**339 747**	**361 018**

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13.3. MATURITY OF LIABILITIES DURING THE REPORTING PERIOD

Item	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term deposits received	0	0	0	0	0	3 197	8 686	1 831	13 714
Other long-term liabilities – other titles	0	0	0	0	0	9 926	0	0	9 926
Long-term liabilities	**0**	**0**	**0**	**0**	**0**	**13 122**	**8 686**	**1 831**	**23 640**
Trade liabilities	73 378	33 694	3 177	181	3 171	0	0	0	113 601
Prepayments and deposits received for supplies	0	16 743	2 810	4 255	169 842	4 002	0	0	197 651
Short-term recieved bails	10 036	135	1 952	1 064	1 249	0	0	0	14 435
Liabilities due to current income tax	0	1 464	0	0	0	0	0	0	1 464
Liabilities due to other taxes	0	10 922	0	0	0	0	0	0	10 922
Liabilities due to remunerations	0	955	0	0	0	0	0	0	955
Other short-term liabilities	31	688	0	0	0	0	0	0	719
Short-term liabilities	**83 445**	**64 601**	**7 939**	**5 500**	**174 261**	**4 002**	**0**	**0**	**339 747**

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13.4. MATURITY OF LIABILITIES IN THE PREVIOUS REPORTING PERIOD

Item	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term deposits received	0	0	0	0	0	1 708	8 755	0	10 463
Other long-term liabilities – other titles	0	0	0	0	0	0	9 390	0	9 390
Long-term liabilities	**0**	**0**	**0**	**0**	**0**	**1 708**	**18 146**	**0**	**19 854**
Trade liabilities	88 977	55 347	34 713	2 185	0	0	0	0	181 222
Prepayments and deposits received for supplies	50	287	15 527	107 322	1 868	0	0	0	125 054
Short-term recieved bails	7 533	139	583	1 356	15 776	0	0	0	25 387
Liabilities due to current income tax	0	896	0	0	0	0	0	0	896
Liabilities due to other taxes	0	24 712	108	0	0	0	0	0	24 819
Liabilities due to remunerations	0	1 475	0	0	0	0	0	0	1 475
Other short-term liabilities	0	-15 378	0	0	17 543	0	0	0	2 166
Short-term liabilities	**96 561**	**67 478**	**50 930**	**110 862**	**35 187**	**0**	**0**	**0**	**361 018**

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13.5. OVERDUE LIABILITIES IN THE REPORTING PERIOD

Item	Non-overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 year	Total
Trade liabilities	40 360	37 890	22 683	2 613	8 457	1 598	113 601
Prepayments and deposits received for supplies	197 651	0	0	0	0	0	197 651
Short-term recieved bails	4 400	1 041	1 556	2 606	2 038	2 796	14 435
Liabilities due to current income tax	1 464	0	0	0	0	0	1 464
Liabilities due to other taxes	10 922	0	0	0	0	0	10 922
Liabilities due to remunerations	955	0	0	0	0	0	955
Other short-term liabilities	688	29	1	0	0	0	719
Short-term liabilities	**256 302**	**39 098**	**24 240**	**5 218**	**10 495**	**4 394**	**339 747**

13.6. OVERDUE LIABILITIES IN THE PREVIOUS REPORTING PERIOD

Item	Non-overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 year	Total
Trade liabilities	92 245	59 833	28 397	624	123	0	181 222
Prepayments and deposits received for supplies	137 187	0	0	0	0	0	137 187
Short-term recieved bails	5 433	325	1 112	1 089	1 482	3 526	12 966
Liabilities due to current income tax	896	0	0	0	0	0	896
Liabilities due to other taxes	25 106	0	0	0	0	0	25 106
Liabilities due to remunerations	1 475	0	0	0	0	0	1 475
Other short-term liabilities	2 166	0	0	0	0	0	2 166
Short-term liabilities	**264 507**	**60 158**	**29 509**	**1 713**	**1 605**	**3 526**	**361 018**

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14. DEFERRED INCOME BALANCE

14.1. SPECIFICATION OF DEFERRED INCOME IN THE REPORTING PERIOD

Item	Short-term	Long-term	Total
Grants received	505	5 686	6 192
Deferred charges	24	0	24
Other charges	0	0	0
Liabilities – deferred charges in total	**530**	**5 686**	**6 216**

14.2. SPECIFICATION OF DEFERRED INCOME IN PREVIOUS REPORTING PERIOD

Item	Short-term	Long-term	Total
Grants received	505	6 192	6 697
Deferred charges	24	0	24
Other charges	0	0	0
Liabilities – deferred charges in total	**529**	**6 192**	**6 721**

15. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets held for sale and discontinued operations did not occur.

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16. OPERATING REVENUES AND COSTS

16.1. REVENUES FROM SALES

Item	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Revenues from sales of products	732 554	782 194
Revenues from sales of services	17 732	16 080
Revenues from sales of goods and materials	21 833	38 760
Sales revenues	**772 119**	**837 034**

16.2. COSTS BY TYP

Item	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Cost of goods and materials sold	20 828	37 583
Remuneration	37 442	35 975
Depreciation	10 219	7 897
Employee benefits	9 020	8 898
Consumption of materials and energy	241 217	278 320
Outsourced services	427 910	468 713
Taxes and fees	3 555	2 590
Other costs by type	9 953	9 470
Costs by type	760 022	849 448
Administrative expenses	-17 228	-19 038
Selling costs	-22 757	-27 889
Own work capitalized	-18 340	-8 031
Movements in the balance of products	-13 020	-50 783
Own selling cost	**688 799**	**743 708**

16.3. OWN SELLING COST

Item	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Cost of product sold	659 724	699 413
Cost of services sold	8 247	6 711
Cost of goods and materials sold	20 828	37 583
Own selling cost	**688 799**	**743 708**

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16.4. OTHER OPERATING REVENUES

Item	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Profit on disposal of non-financial fixed assets	237	217
Re-invoices	0	0
Pricing of investment properties to its fair value	24 211	19 970
Release of provisions	1 620	0
Fines and compensations	2 287	1 976
Grants	521	515
Overdue liabilities	0	0
Scrap yield	0	0
Bonus from turnover	0	0
Surplus stock	1 181	1 323
Other titles	3 607	1 856
Write-offs for inventories reversal in period (-)	0	570
Impairment write downs on receivables reversal in period (-)	4 085	560
Other operating revenues	**37 749**	**26 987**

16.5. OTHER OPERATING COSTS

Item	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Write-offs for inventories creation in period	0	369
Pricing of investment properties to its fair value	0	163
Establishment of provisions	2 445	7 378
Cost related to acquisition of subsidiaries	0	832
Cost of defects repairs and scrap page	0	107
Donations	824	1 817
Bonus from turnover	0	0
Inventory deficits	899	0
Receivables	0	222
Contractual penalties	15	0
Other titles	3 419	2 452
Property damage	41	19
Court litigation costs	0	0
Re-invoicing costs	0	0
Compensations	525	262
Impairment write downs on receivables creation in period	1 958	7 513
Loss on disposal of non-financial fixed assets	0	0
Other operating costs	**10 125**	**21 133**

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17. FINANCIAL REVENUES AND EXPENSES

17.1. FINANCIAL REVENUES

Item	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Interests	157	274
Profit from sale of financial assets	0	0
Dividends	0	13
Reversal of write-offs	0	0
Other financial revenues	0	0
Surplus of positive exchange differences over the negative ones	0	0
Financial revenues	**157**	**287**

17.2. FINANCIAL EXPENSES

Item	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Other financial costs	160	0
Interests	6 844	6 775
Write-offs	0	0
Loss from sale of financial assets	0	0
Surplus of negative exchange differences over the positive ones	1 384	548
Financial expenses	**8 388**	**7 323**

18. INCOME TAX

18.1. INCOME TAX

Item	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Current income tax	4 174	1 951
Deferred income tax	7 767	9 334
Income tax	**11 941**	**11 285**

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18.2. EFFECTIVE TAXATION RATE

Item	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Current income tax for previous periods included in financial result	0	0
Profit (loss) before tax	**62 850**	**45 217**
Probable income tax	12 163	8 560
Fees for PFRON	107	54
Dividends	0	0
Representation costs	56	120
Costs of penalties and mandates	62	2
Other costs	-190	2 555
Reconciliation for differences that are not tax-deductible	35	2 730
Income tax not included in the asset and reserve for deferred income tax	-225	-2
Deduction of income tax	-32	-4
Income tax recognized in financial result	**11 941**	**11 285**

19. DEFERRED INCOME TAX

19.1. DEFERRED INCOME TAX

Item	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Assets and provisions due to deferred income tax per balance at the beginning of the period	9 298	-46
Other comprehensive income (+/-)	0	0
Settlement of a business combination	0	0
Financial result (+/-)	7 767	9 377
Other (including net exchange differences on translation)	0	-34
Assets and provisions due to deferred income tax per balance at the end of the period	17 065	9 298
Assets due to deferred income tax	7 920	7 523
Deferred income tax	24 985	16 821

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19.2. ASSETS DUE TO DEFERRED INCOME TAX IN THE REPORTING PERIOD

Item	Balance at the beginning of period	Financial result	Other comprehensive income	Total
Other titles as a basis for establishment of assets for deferred income tax	501	0	0	501
Other liabilities	1 632	-391	0	1 242
Pricing of liabilities in revised purchase price	4 424	445	0	4 869
Assets write-offs	23	2	0	25
Provisions for employee benefits	942	342	0	1 284
Other provisions	0	0	0	0
Deferred income tax assets	**7 522**	**398**	**0**	**7 920**

19.3 ASSETS DUE TO DEFERRED INCOME TAX IN THE PREVIOUS REPORTING PERIOD

Item	Balance at the beginning of period	Financial result	Other comprehensive income	Total
Other titles as a basis for establishment of assets for deferred income tax	1 811	2 613	0	4 424
Other liabilities	0	0	0	0
Pricing of liabilities in revised purchase price	144	357	0	501
Assets write-offs	1 088	544	0	1 632
Provisions for employee benefits	12	11	0	23
Other provisions	1 820	-878	0	942
Deferred income tax assets	**4 875**	**2 647**	**0**	**7 523**

19.4. RESERVES FOR DEFERRED INCOME TAX IN THE REPORTING PERIOD

Item	Balance at the beginning of period	Financial result	Other comprehensive income	settlement of combination	Total
Deferred tax from pricing of investment property	6 026	4 633	0	0	10 659
Depreciation of fixed assets	820	1 380	0	0	2 201
Trade receivables	0	522	0	0	522
Construction contracts	7 601	2 474	0	0	10 075
Other titles as a basis for establishment of assets for deferred income tax	1 896	-615	0	0	1 281
Pricing of liabilities in revised purchase price	477	-236	0	0	241
Overestimation of financial assets (positive differences)	0	7	0	0	7
Deferred income tax provisions	**16 821**	**8 164**	**0**	**0**	**24 985**

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19.5. PROVISIONS FOR DEFERRED INCOME TAX IN THE PREVIOUS REPORTING PERIOD

Item	Balance at the beginning of period	Financial result	Other comprehensive income	settlement of combination	Total
Deferred tax from pricing of investment property	3 552	2 474	0	0	6 026
Depreciation of fixed assets	688	133	0	0	820
Trade receivables	219	-219	0	0	0
Construction contracts	0	7 601	0	0	7 601
Other titles as a basis for establishment of assets for deferred income tax	282	1 614	0	0	1 896
Pricing of liabilities in revised purchase price	89	388	0	0	477
Overestimation of financial assets (positive differences)	0	0	0	0	0
Deferred income tax provisions	**4 830**	**11 990**	**0**	**0**	**16 821**

20. FINANCIAL INSTRUMENTS

20.1. FINANCIAL INSTRUMENTS - ASSETS

Item	31.12.2019	31.12.2018
Long-term receivables	782	1 875
Trade and other receivables	157 345	233 464
Receivables due to contracts with clients net	92 653	186 117
Receivables due to dividend – short-term	0	0
Receivables evaluated at nominal value	158 127	235 340
Loans and receivables	2 822	2 499
Stocks and shares in subsidiaries	10	3 732
Stocks and shares in affiliates and jointly controlled entities	0	0
Assets evaluated at fair value through financial result	0	0
Cash and cash equivalents	116 264	65 957
Financial assets available for sale	0	0
Financial assets held to maturity	0	0
Financial assets	**277 213**	**307 528**

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20.2. FINANCIAL INSTRUMENTS - LIABILITIES

Item	31.12.2019	31.12.2018
Liabilities evaluated at depreciated cost	298 083	281 616
Liabilities evaluated at fair value through financial result	0	0
Liabilities evaluated at nominal value	363 387	389 781
Financial liabilities	**661 470**	**671 397**

21. RISKS OF FINANCIAL INSTRUMENTS

21.1. EXPOSURE TO CURRENCY RISK DURING THE REPORTING PERIOD

Item	PLN	EUR	Other	Total
Loans and own receivables (valued in the APP)	0	0	0	0
Trade receivables and other financial receivables	127 464	29 874	7	157 345
Other financial assets	341 626	0	0	341 626
Cash and cash equivalents	112 673	3 465	14	116 152
Derivatives	0	0	0	0
Financial assets (+):	**581 763**	**33 339**	**21**	**615 123**
Loans, borrowings and other debt instruments	287 487	0	0	287 487
Financial lease	4 018	6 768	0	10 786
Trade liabilities and other financial liabilities	330 669	9 052	26	339 747
Derivatives	0	0	0	0
Financial liabilities (-):	**622 174**	**15 820**	**26**	**638 020**

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21.2. EXPOSURE TO CURRENCY RISK IN THE PREVIOUS REPORTING PERIOD

Item	PLN	EUR	Other	Total
Loans and own receivables (valued in the APP)	3 643	0	0	3 643
Trade receivables and other financial receivables	334 343	62 878	2	397 223
Other financial assets	179 702	0	0	179 702
Cash and cash equivalents	53 581	2 175	0	55 756
Derivatives	0	0	0	0
Financial assets (+):	**571 269**	**65 053**	**2**	**636 324**
Loans, borrowings and other debt instruments	282 760	0	0	282 760
Financial lease	4 506	11 948	0	16 454
Trade liabilities and other financial liabilities	540 828	11 869	243	552 940
Derivatives	0	0	0	0
Financial liabilities (-):	**828 095**	**23 817**	**243**	**852 154**

21.3. EXPOSURE TO INTEREST RATE RISK IN THE REPORTING PERIOD

Item	Variable interest rate	Fixed interest rate	Total
Long-term financial liabilities (evaluated in APP)	122 726	25 625	148 351
Short-term financial liabilities (evaluated in APP)	147 201	2 526	149 727
Loans and own receivables (evaluated in APP)	2 822	0	2 822

21.4. EXPOSURE TO INTEREST RATE RISK IN THE PREVIOUS REPORTING PERIOD

Item	Variable interest rate	Fixed interest rate	Total
Long-term financial liabilities (evaluated in APP)	214 529	8 345	222 874
Short-term financial liabilities (evaluated in APP)	68 795	0	68 795
Loans and own receivables (evaluated in APP)	2 499	0	2 499

In the operations of the Dekpol S.A.Capital Group the following types of financial risks are relevant:

- interest rate risk - as part of its operations, the Group is exposed to interest rate risk. The Group has financial liabilities, the financial cost of which is calculated on the basis of a variable WIBOR base interest rate and a fixed margin. An increase in the base rate by 0.5 pp would cause an increase in financial costs by approx. 1482 thousand. PLN, assuming that the balance of liabilities bearing a fixed rate would remain unchanged throughout the financial year.

- exchange rate risk and risk of changes in raw material prices - due to a further increase in the scale of operations in foreign currencies, the Group is exposed to currency risk from concluded transactions. Such risk arises as a result of sales or purchases made by the Group in currencies other than the national currency. If as at 31/12/2019 the EUR exchange rate was higher or lower by 3%, then the Group's financial assets would be higher or lower by PLN 945,000. PLN and financial liabilities higher or lower by 471 thous. PLN - as a result of negative or positive exchange rate differences resulting from the conversion of receivables, loans granted, cash accumulated on bank accounts and trade liabilities. In order to limit the risk of exchange rate fluctuations, in the currency settlements related to export sales and imported purchases, the Group largely uses natural hedging, which results in balancing currency flows. During short-term and identifiable imbalances in currency flows, the Group will use currency derivatives to unrealistically hedge future cash flows.
- credit risk - a potential economic crisis may cause financial instability of the Group's recipients and thus temporary difficulties in the recovery of receivables and the formation of payment gridlocks. The Group minimizes credit risk through diversification of the recipient portfolio and consistent application of the monitoring and debt recovery procedures.
- liquidity risk - the Group manages liquidity risk by financial planning, matching the maturity of assets to liabilities and by the surplus of available financing sources over the current needs of the Group.

The Group does not have instruments hedging the indicated financial risks and does not keep hedge accounting. The Group strives to minimize the impact of the above risks by applying ongoing monitoring of individual risk areas through implemented control procedures and regular risk exposure analysis.

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22. OPERATING SEGMENTS

22.1. REVENUES, RESULT AND OTHER IN REPORTING PERIOD

Item	General contracting	Property development	Production of steel structures and accessories	Other	Exclusions
Sales revenues in total	487 134	155 092	90 699	39 194	772 119
Other operating revenues	0	0	0	37 749	37 749
Other operating expenses	0	0	0	10 125	10 125
Operating expenses in total	457 226	142 399	79 322	49 836	728 783
Operating result	**29 908**	**12 693**	**11 377**	**16 981**	**70 960**
Financial revenues	**0**	**0**	**0**	**157**	**157**
Financial expenses	**0**	**0**	**0**	**8 388**	**8 388**
Income tax	**0**	**0**	**0**	**11 941**	**11 941**
Net result	**29 908**	**12 693**	**11 377**	**-3 191**	**50 788**

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22.2. REVENUES, RESULT AND OTHER IN PREVIOUS REPORTING PERIOD

Item	General contracting	Property development	Production of steel structures and accessories	Other	Exclusions	Total
Sales revenues in total	551 984	160 573	73 205	51 271	0	837 034
Other operating revenues	0	0	0	26 987	0	26 987
Other operating expenses	0	0	0	21 133	0	21 133
Operating expenses in total	515 516	148 046	65 564	61 509	0	790 635
Operating result	**36 468**	**12 528**	**7 641**	**-4 384**	**0**	**52 253**
Financial revenues	**0**	**0**	**0**	**287**	**0**	**287**
Financial expenses	**0**	**0**	**0**	**7 323**	**0**	**7 323**
Income tax	**0**	**0**	**0**	**11 285**	**0**	**11 285**
Net result	**36 468**	**12 528**	**7 641**	**-22 705**	**0**	**33 932**

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22.3. GEOGRAPHICAL STRUCTURE

Item	31.12.2019	31.12.2018
Poland	716 507	759 509
European Union	42 922	71 487
Other countries	12 691	6 037
Sales revenues	**772 119**	**837 034**
Poland	226 829	882 237
European Union	0	307
Other countries	0	2
Assets	**226 829**	**882 546**

23. CONSTRUCTION SERVICES

23.1. CONSTRUCTION SERVICES AGREEMENTS

Item	31.12.2019	31.12.2018
Revenues from construction contracts recognized in the period	465 400	551 984
The costs of construction contracts incurred during the period	447 634	515 516
Costs due to loss provisions	3 000	3 305
Result set in agreements on construction services in a period	**20 766**	**39 774**
Bail stopped by contractors	**40 077**	**18 154**
Advances received for construction contracts	**11 292**	**11 500**
Receivables from construction contracts	**66 457**	**48 493**
Liabilities due to construction contracts	**0**	**0**

24. TRANSACTIONS WITH RELATED ENTITIES

24.1. EXECUTIVE BENEFITS

Item	31.12.2019	31.12.2018
Short-term employee benefits	1 489	1 842
Benefits from termination of work agreements	0	0
Payments in form of own shares	0	0
Other benefits	0	0
Benefits for managerial staff	**1 489**	**1 842**

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24.2. TRANSACTIONS AND BALANCES WITH AFFILIATES IN REPORTING PERIOD

Item	Consolidated	Subsidiary not consolidated	Associated and interdependent	Other affiliated	Total
Net sales (without VAT)	0	0	0	0	0
Revenue from interest	0	0	0	0	0
Net purchases (without VAT)	0	0	0	2 594	2 594
Cost of interest	0	0	0	0	0
Loans received	0	0	0	0	0
Loans granted	0	0	0	0	0
Short-term receivables	0	0	0	59	59
Long-term receivables	0	0	0	0	0
Short-term liabilities	0	0	0	17 771	17 771
Long-term liabilities	0	0	0	0	0
Dividends granted	0	0	0	0	0
Dividends paid	0	0	0	0	0
Total	**0**	**0**	**0**	**20 424**	**20 424**

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24.3. TRANSACTIONS AND BALANCES WITH AFFILIATES IN PREVIOUS REPORTING PERIOD

Item	Consolidated	Subsidiary not consolidated	Associated and interdependent	Other affiliated	Total
Net sales (without VAT)	0	0	0	22	22
Revenue from interest	0	0	0	0	0
Net purchases (without VAT)	0	0	0	1 912	1 912
Cost of interest	0	0	0	418	418
Loans received	0	0	0	0	0
Loans granted	0	0	0	0	0
Short-term receivables	0	0	0	0	0
Long-term receivables	0	0	0	0	0
Short-term liabilities	0	0	0	8 129	8 129
Long-term liabilities	0	0	0	0	0
Dividends granted	0	0	0	0	0
Dividends paid	0	0	0	7 611	7 611
Total	**0**	**0**	**0**	**18 092**	**18 092**

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25. OTHER INFORMATION

25.1. AVERAGE EMPLOYMENT

Item	31.12.2019	31.12.2018
White-collar employees	369	220
Blue-collar employees	140	159
Average number of FTE's	**509**	**379**

Including Companies from the Dekpol Capital Group:
- Betpref sp.z o.o. - 66 people.
- Dekpol Deweloper Sp. z o.o. - 20 people.

25.2. AUDITOR'S REMUNERATION

Item	31.12.2019	31.12.2018
Audit of annual financial statements	85	84
Review of financial statements	28	20
Tax advisory	0	0
Other services	0	0
Auditor's remuneration in total (VAT not included)	**113**	**104**

26. EVENTS AFTER BALANCE SHEET DATE

Separation of the activity Production of accessories for construction machinery

In the financial year 2019, activities were carried out related to the reorganization of the Company and the Dekpol Capital Group aimed at introducing a management system tailored to the increasing scale of the Company's operations and its individual segments, the expanded structure, as well as further development plans.

The decision to change the Company's management principles was made in February 2017. The new management structure was to enable the possible separation of individual segments of the Company's operations in the future as organized parts of the enterprise and the division of the Company, at the moment no binding decisions in this regard were taken, and the Company's Management Board considered various variants of the Company's operations and future development.

In November 2018, after prior approval of the Supervisory Board, the Management Board of the Company decided to separate the first segment of the Company's operations, i.e. development activities. This activity was transferred in the form of an organized part of the enterprise (ZCP) to the subsidiary, Dekpol Deweloper sp.z o.o., with effect from January 1, 2019.

ZCP constituted a set of tangible and intangible components, organizationally, financially and functionally separated in the company's organizational structure, constituting the Development Department, used to conduct and service the development activities of the Company and entities from the Dekpol Capital Group, including the preparation and implementation of development projects, sale of real estate, design and construction implementation of finishing works and after-sales service. The ZCP included, among others fixed assets, equipment, inventories, real estate, receivables and payables, rights and obligations arising from contracts, property rights in the form of shares in Dekpol Inwestycje Sp. z o.o., Dekpol Pszenna Sp. z o.o., Smartex Sp. z o.o., Nordic Milan Sp. z o.o. and all rights and obligations of a partner (limited partner) in Dekpol Pszenna Sp. z o.o. 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. Pastelowa 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. 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., Dekpol Inwestycje Sp. z o.o. WBH sp.k.

The transfer of ZCP was made by way of an in-kind contribution to cover the share capital in connection with the acquisition by the Company on December 31, 2018 of 2,700,000 new shares in Dekpol Developer with a total nominal value of PLN 135 million. Pursuant to the agreement concluded on December 31, 2018, the transfer and issue of ZCP took place on January 1, 2019, subject to ownership of the property, which - in relation to art. 157 KC - was transferred on January 2, 2019.

The transfer of development activity to a subsidiary has increased organizational and financial transparency within the Capital Group, while limiting business and legal risk.

Then, on November 22, 2019, the Management Board of Dekpol S.A. decided to start the next stage of the reorganization consisting in the transfer from the Company of organized parts of the enterprise covering the other two segments of the Company's operations, i.e. the activities of the Bucket Production Department (ZCP1) and the activities of the General Contracting Department (ZCP2) and making them as in-kind contributions to special purpose vehicles established by the Issuer as limited liability companies in which the Issuer holds all shares in the share capital.

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 required, among others, obtaining by the Issuer appropriate approvals of the banks that granted the Company financing, changes to the Terms of Issue of Series G and H Bonds issued by the Company, as well as obtaining the consent of the General Meeting of the Company.

On November 25, 2019, Dekpol S.A. established two subsidiaries: Dekpol Steel Sp. z o.o. and Dekpol Budownictwo Sp. z o.o. acquiring 100% shares in the share capital of PLN 5,000 in each company. The company Dekpol Steel Sp. z o.o. was entered into the National Court Register on December 3, 2019, and the purpose of its creation was to separate and transfer it to ZCP1. The company Dekpol Budownictwo Sp. z o.o. was entered into the National Court Register on December 4, 2019, and the purpose of its creation was to separate and transfer it to ZCP2 in kind.

On December 16, 2019, the Meeting of Bondholders of series G and H bonds decided to change the Terms and Conditions of Bonds Issue, which was one of the conditions necessary to reorganize the Company. On the same day, the Company agreed to the above amendment to the Terms of Issue of Series G and H Bonds.

On December 30, 2019, the Extraordinary General Meeting of the Company by resolutions No. 4 and 5 approved the sale of organized parts of the Company's enterprise (ZCP1 and ZCP2) by making a non-cash contribution to subsidiaries, respectively Dekpol Steel Sp. z o.o. and Dekpol Budownictwo Sp. z o.o.

On December 31, 2019, Dekpol S.A. concluded with a 100% subsidiary, Dekpol Steel Sp. z o.o. (Dekpol Steel), transfer agreement by Dekpol S.A. for Dekpol Steel, an organized part of the enterprise - ZCP1, with a value of PLN 100.2 million, covering a set of tangible and intangible assets of the Issuer, separated in organizational, functional and financial terms, intended to conduct business in accordance with art. 551 of the Civil Code, including in particular the production and sale of buckets and accessories for construction machinery, which organized part of the enterprise was a separate department within the Issuer's structures operating under the name "Bucket Production Department" and may constitute an independent enterprise performing these tasks independently.

ZCP1 included, among others built-up real estate, rights and obligations under employment contracts and all employee files regarding transferred employees, related to ZCP1, receivables and payables, stocks of materials, fixed assets and movable property and items of equipment, rights from bank accounts, rights arising from contracts with customers, subcontractors, suppliers, customers, intellectual property rights, obtained administrative decisions, concessions, licenses, permits, permits, certificates and others.

The transfer of ZCP1 took place by way of an in-kind contribution to cover the share capital in connection with the acquisition by Dekpol S.A. on December 31, 2019, 1,000,000 new shares in Dekpol Steel with a total nominal value of PLN 50 million. After the increase, the share capital of Dekpol Steel amounts to PLN 50.005,000.

Pursuant to the concluded agreement, ZCP1 was issued on January 1, 2020.

As at the date of publication of this report, activities related to the separation from the Company and transfer of an organized part of the enterprise - ZCP2, covering the activities of the General Contracting Department, to the subsidiary Dekpol Budownictwo Sp. z o.o. ZCP2 includes an organizationally, functionally and financially separate set of intangible and tangible components intended for conducting business activities in the scope of carrying out construction works in the Company's internal structure. The ZCP12 includes, among others rights and obligations arising from employment contracts and civil law contracts regarding staff, related to ZCP2 receivables and liabilities, inventories, fixed assets and equipment, cash, rights and obligations arising from contracts with investors, subcontractors, lease contracts, other civil law contracts, law intellectual property, administrative decisions, concessions, IT licenses, etc.

The Company informed about the above events in current reports No. 89/2018 of December 31, 2018, No. 35/2019 of November 22, 2019, No. 42/2019 of December 16, 2019, No. 47/2019 of 30 December 2019 and No. 50/2019 of December 31, 2019.

Impact of the COVID-19 virus on the Group's financial results

It should also be pointed out that the results achieved, in the perspective of at least the next year, will have the COVID-19 virus, which spread throughout the world in the first months of 2020, and its negative impact affected many countries. Although this situation is still changing at the time of publication of this report, it appears that the negative impact on global trade and the Group may be more serious than originally expected. The exchange rates used by the Group have weakened, the value of shares on the markets has fallen, and commodity prices are subject to significant fluctuations. Despite the negative impact of the epidemic on the business environment of the entity, the Management Board does not see significant uncertainty related to the continuation of business activities of the Company and the Dekpol Capital Group.

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2019 till 31.12.2019 (data in thousand PLN)

27. LIABILITIES AND CONDITIONAL ASSETS

27.1. SPECIFICATION OF LIABILITIES AND CONDITIONAL ASSETS

Item	31.12.2019	31.12.2018
Conditional liabilities towards affiliates - guarantees of satisfactory performance of contracts	0	0
Conditional liabilities towards affiliates – guarantees and sureties of repayment of financial liabilities	0	0
Other conditional liabilities	0	0
Conditional liabilities towards affiliates	0	0
Granted guarantees of satisfactory performance of contracts - insurance	28 180	28 854
Granted guarantees of satisfactory performance of contracts - banking	35 581	38 484
Granted guarantees and sureties of repayment of financial liabilities	0	0
Court litigations	0	0
Other conditional liabilities	0	0
Conditional liabilities towards non-affiliates	63 762	67 338
Conditional liabilities	**63 762**	**67 338**
Received guarantees of satisfactory performance of contracts from affiliates	0	0
Received guarantees and sureties of repayment of liabilities from affiliates	0	0
Other conditional assets	0	0
Conditional assets from affiliates	0	0
Received guarantees of satisfactory performance of contracts from non-affiliates - insurance	2 396	2 076
Received guarantees of satisfactory performance of contracts from non-affiliates - banking	2 414	3 275
Received guarantees and sureties of repayment of liabilities from non-affiliates	0	0
Conditional receivables - Court litigations	0	0
Other conditional assets from non-affiliates	0	0
Conditional assets from non-affiliates	4 810	5 352
Conditional assets	**4 810**	**5 352**

The Group grants also guarantee on performed works. Largely, the responsibility from this title rests on subcontractors. It has also been established a reserve for predicted costs of guarantee repairs, which will last the Group.

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2019 till 31.12.2019 (data in thousand PLN)

28. EARNINGS PER SHARE

Item	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Net profit (loss) attributable to shareholders of parent entity	50 788	34 764
Weighted average number of ordinary shares (w thousands)	8 363	8 363
Major earning per share (in PLN)	**6,07**	**4,15**
Net profit (loss) attributable to shareholders of parent entity	50 788	34 764
Weighted diluted average number of ordinary shares (w thousands)	8 363	8 363
Diluted learning per share (in PLN)	**6,07**	**4,15**
Net profit (loss) from continued operations attributable to shareholders of parent entity	6,07	4,15
Weighted diluted average number of ordinary shares (w thousands)	8 363	8 363
Major earning per share from continued operations (in PLN)	**6,07**	**4,15**
Net profit (loss) from continued operations attributable to shareholders of parent entity	0	0
Weighted average number of ordinary shares (w thousands)	0	0
Diluted earnings per share in PLN from continued operations	**0**	**0**

29. CONSTRUCTION SERVICES

Agreements for construction services - active contracts cumulatively until the balance sheet date

Assets under construction contracts	**01.01. - 31.12.2019**	**01.01. - 31.12.2018**
Balance as at beginning of period	48 493	16 075
Impairment loss	0	0
Measurement adjustments	0	0
Transfer to receivables (invoicing)	-48 493	-16 075
Valuation at the end of the period	66 457	48 493
Balance as at end of period	66 457	48 493

Liabilities due to construction contracts	**01.01. - 31.12.2019**	**01.01. - 31.12.2018**
Balance as at beginning of period	0	184
Measurement adjustments	0	0
Transfer to revenues (execution)	0	-184
Valuation at the end of the period	0	0
Balance as at end of period	0	0

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2019 till 31.12.2019 (data in thousand PLN)

Other liabilities from contracts with clients	**01.01. - 31.12.2019**	**01.01. - 31.12.2018**
Balance as at beginning of period	68 688	68 688
Advances paid	56 255	214 109
Transfer to revenues (execution)	-110 491	-152 588
Valuation at the end of the period	0	0
Balance as at end of period	14 452	129 989

The total transaction price assigned to benefits that have not been met	**01.01. - 31.12.2019**	**01.01. - 31.12.2018**
Contracts for construction services	270 542	365 351
Sale of premises	257 762	474 139
Other	0	0

The company estimates that all contracts concluded in 2018-2019 will be settled at the latest in 2020.

Signatures of all members of the Company's Management Board:

Mariusz Tuchlin – President of Management the Board

Michał Skowron – Vice-President of Management Board

Katarzyna Szymczak-Dampc – Member of Management Board

Signature of the person entrusted with keeping accounting books

Anna Miksza - Chief Accountant