



**BASE PROSPECTUS  
OF BONDS ISSUE PROGRAMME  
OF DEKPOL S.A.**



## PROSPECTUS OF DEKPOL S.A.

This base prospectus ("**Prospectus**") has been prepared by Dekpol Spółka Akcyjna with its registered office in Pinczyn, ul. Gajowa 31, 83-251 Pinczyn, entered into the Register of Entrepreneurs of the National Court Register under KRS number 0000505979 ("**Issuer**", "**Company**"). The prospectus was drawn up in connection with public offering and seeking for admission to trading on regulated Catalyst market operated by Warsaw Stock Exchange. ("**WSE**") of bearer bonds with a total nominal value of no more than PLN 150,000,000 (one hundred and fifty million) ("**Bonds**"). The Bonds will be issued in series as a part of recurring issues within 12 months from Prospectus approval date and offered on terms and conditions described in this Prospectus and in accordance with terms and conditions of the issue of a given series of Bonds ("**Final Terms and Conditions of Series**"). The bonds will bear non-document form.

Prospectus was drawn up in the form of a single document within the meaning of Art. 6 sec. 3 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC ("**Prospectus Regulation**") and the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies ("**Act on Public Offering**"). This document is a base prospectus, prepared in accordance with Art. 8 of the Prospectus Regulation and Art. 25 and 26 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, and repealing Commission Regulation (EC) No. 809/2004 ("**Delegated Regulation**") and pursuant to Annexes 6 and 14 to the Delegated Regulation.

**The Issuer informs that investing in securities covered by this Prospectus is connected with risk specific to non-equity capital market instruments and the risk related to Issuer's activities, Issuer's Group and environment in which the Issuer and the Issuer's Group entities operate. In particular, Investors' attention is drawn to the fact that the Bonds are not bank deposits (deposits) and are not covered by deposit guarantee system, as well as that in the event of Issuer's insolvency caused by deterioration of its financial situation, including loss of liquidity by the Issuer or changing situation on the market, part or all of the invested capital may be lost, as well as Investors may not receive Interest provided for in Final Terms and Conditions of Series. Investors should also note that withdrawal from investment before the end of the period for which the Bonds will be issued (i.e., before Redemption Date) may be difficult or impossible due to the risk of liquidity limitation or the risk of lack of liquidity of bonds (i.e., possibility of Bonds reselling), and the price for the sold Bonds may differ from their nominal value or purchase price.**

Moreover, the Investors' attention is drawn to the need to diversify investments (division of funds held into particular types of investments and issuers) and it is pointed out that investment of all funds held in Bonds increases Investor's risk. Particular risks related to investing in Bonds are presented in Part II of the Prospectus - "Risk Factors".

**The prospectus was approved by Polish Financial Supervision Authority ("UKNF") on ..... ("Prospectus Date", "Prospectus Day"). The validity period of the Prospectus is 12 months from the date of its approval, provided that it has been completed with relevant supplements required by Art. 23 of the Prospectus Regulation.**

While approving the Prospectus, UKNF verifies whether information contained therein about the Issuer and securities being offered to the public or applying for admission to trading on a regulated market is complete, understandable and consistent. While approving the Prospectus, UKNF does not verify or approve the Issuer's business model, methods of conducting business activities and the method of its financing.

The prospectus has been prepared to the best knowledge of the Issuer; nothing was omitted that could affect its meaning. Any significant new factor, material error or material inaccuracy relating to information contained in the Prospectus which may affect evaluation of Bonds and which occurs or will be observed in the period between the approval of the Prospectus and the end of the offering period or commencement of trading on the regulated market, depending on which of these events will occur later, will be immediately indicated in the supplement to the Prospectus. The obligation to publish a supplement in the event of significant new factors, material errors or material inaccuracies shall not apply after expiration of the Prospectus.

PUBLIC OFFER IS CONDUCTED ONLY IN THE TERRITORY OF THE REPUBLIC OF POLAND. OUTSIDE OF POLAND, THIS PROSPECTUS SHALL NOT BE CONSIDERED AS A PROPOSAL OR AN ACQUISITION OFFER. THE PROSPECTUS AND THE BONDS WERE NOT SUBJECT TO REGISTRATION, APPROVAL OR NOTIFICATION IN ANY STATE OTHER THAN REPUBLIC OF POLAND, IN PARTICULAR IN ACCORDANCE WITH PROVISIONS OF THE PROSPECTUS REGULATION OR THE UNITED STATES SECURITIES ACT OF 1933. THE BONDS COVERED BY THIS PROSPECTUS WILL NOT BE OFFERED OUTSIDE THE BORDERS OF THE REPUBLIC OF POLAND (INCLUDING IN OTHER EUROPEAN UNION STATES AND THE UNITED STATES OF NORTH AMERICA).

### INVESTMENT COMPANY

**MICHAEL/STRÖM**  
DOM MAKLERSKI

al. Jerozolimskie 100, 00-807 Warszawa

### LEGAL ADVISOR



**PRZEMYSŁAW BUDZYŃSKI**  
KANCELARIA RADCY PRAWNEGO

ul. Drzewieckiego 11a/2, 80-464 Gdańsk



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## PART I – GENERAL DESCRIPTION OF THE OFFERING PROGRAMME

This description of the Bond Issue Programme ("**Programme**") constitutes a general description of the offering programme within the meaning of Art. 25 sec. 1 lit. b of the Delegated Regulation. The description summarizes basic parameters of the Programme and is based on the content of the Prospectus, the resolution of Issuer's Management Board dated 29<sup>th</sup> of September 2020 concerning establishment of the Bond Issue Programme with a total nominal value of no more than PLN 200,000,000 (two hundred million) and should be read with other parts of the Prospectus and any supplements thereto, as well as with relevant Final Terms and Conditions of the given Series of Bonds.

<b>Issuer</b>	Dekpol Spółka Akcyjna with its registered office in Pinczyn
<b>Legal Entity Identifier (LEI)</b>	259400GG96T088V4UG60
<b>Website</b>	www[.]dekp[.]pl
<b>Description of the Programme</b>	Bearer Bond Issue Programme established on the basis of the resolution of the Issuer's Management Board dated 29 <sup>th</sup> of September 2020 on the establishment of the Bond Issue Programme
<b>Size of Programme</b>	Under the Bond Issue Programme may be issued Bonds with a total nominal value of no more than PLN 200,000,000 (two hundred million zlotys), provided that before the Prospectus Date, under the Program were issued I-series bonds with a value of PLN 50,000,000 (fifty million).
<b>Investment company</b>	Michael / Ström Dom Maklerski Spółka Akcyjna with its registered office in Warszawa
<b>Selling arrangements</b>	The bonds will be offered under public offerings. The bonds will be issued in series as a part of repeated issues. Information on detailed parameters of Bonds offered for subscription in particular tranches will be provided in Final Terms and Conditions of particular Series of Bonds.
<b>Information on types of investors to whom the Offer is addressed</b>	The offer will be addressed to: Individual Investors and Institutional Investors.



<b>Issue price</b>	<p>The issue price of one Bond issued under the Programme will be determined by the Issuer separately for each Bond series and will be presented in relevant Final Terms and Conditions of the given Series of Bonds.</p> <p>The Final Issue Price of one Bond will not be higher than the maximum price equal to 110% of the nominal value of one Bond.</p>
<b>Currency</b>	<p>The currency of issued Bonds will be Polish zloty (PLN).</p>
<b>Form of Bonds</b>	<p>The Bonds will be bearer securities. The Bonds will not be in the form of a document and will be dematerialized. The Bonds will be registered with The Central Securities Depository of Poland (KDPW) and will be assigned the ISIN code. The rights from Bonds will arise when the Bonds are registered in securities accounts or omnibus accounts or on the day when the persons entitled to Bonds are entered into register of persons entitled to Bonds referred to in Art. 7a paragraph. 4 point 4) of the Act on Trading.</p>
<b>Collateral of Bonds</b>	<p>The Bonds may be issued as secured and unsecured securities. The Final Terms and Conditions of the given Series of Bonds will indicate any collateral for Bonds.</p>
<b>Benefits from Bonds</b>	<p>Fulfillment of interest payments by the Issuer will take place on the interest payment dates (Interest Payment Days), specified separately for each series of Bonds. The interest period is the period for which interest is charged on the nominal value of Bonds. After the end of the last interest period, the Bonds will not bear interest.</p>
<b>Interest on Bonds</b>	<p>The interest rate on Bonds will be determined separately for each series of Bonds. The interest rate may be set as fixed or variable based on the WIBOR interest rate or another interest rate that may replace the above interest rate for deposits denominated in PLN. Information on the nominal interest rate will be presented in Final Terms and Conditions of the given Series of Bonds.</p>
<b>Redemption of Bonds</b>	<p>Maturity period of Bonds will be determined separately for each series of Bonds. The maturity period for each series of Bonds will be specified in Final Terms and Conditions of the given series of Bonds. The redemption of Bonds will take place through the payment of a cash amount equal to the nominal value of Bonds.</p>



### **Early redemption of Bonds**

The right of the Issuer to redeem Bonds prior to the Redemption Date - the Issuer is entitled to early redemption of a specified number of Bonds on each of the Interest Payment Days, starting from the Interest Payment Date for the First Interest Period.

In order to redeem Bonds earlier, the Issuer shall notify the Bondholders of exercising the right of early redemption, indicating in such notification the Interest Payment Date on which the Issuer will redeem the Bonds earlier, i.e. the Early Redemption Date. The Early Redemption Date may be set for a date which falls no earlier than 30 days from the date of notifying the Bondholders of exercising right of early redemption.

Immediate Redemption of Bonds - Regardless of provisions contained in the Basic Terms and Conditions of Bond Issue, immediate redemption of Bonds may take place in case of:

- the Issuer's liquidation, all Bonds are subject to immediate redemption on the day the liquidation is opened;
- merger of the Issuer with another entity, its division or transformation of the legal form, the Bonds are subject to immediate redemption, if the entity that succeeded to the obligations of the Issuer under the Bonds, in accordance with the Act on Bonds, does not have the right to issue them.
- The Issuer is in delay with timely performance, in whole or in part, of obligations under the Bonds, the Bonds are subject to immediate redemption at the request of the Bondholder.
- The Issuer will be in a delay without fault, not shorter than 3 days, in performance, in whole or in part, of obligations under the Bonds, the Bonds shall be subject to immediate redemption at the request of the Bondholder.
- The Issuer will not establish any collateral within the time limits resulting from Final Terms and Conditions of the Series, the Bonds are subject to immediate redemption at the request of the Bondholder.

In the event of occurrence of any of the events indicated in point 11.5 of the Basic Terms and Conditions of Bond Issue (Early Redemption Basis), each Bondholder may request redemption of Bonds held by the Bondholder, from the date on which the Issuer should notify about the occurrence of such an event in accordance with point 15.2 of the Basic Terms and Conditions of Bond Issue until 30 (thirty) days from



the date, on which the Issuer notified the Bondholders about the occurrence of Early Redemption Basis. The Issuer undertakes to redeem the Bonds indicated in the request, within 30 (thirty) days from the date of submission of the request, unless the actual situation constituting the basis for Early Redemption has never occurred, of which the Issuer will notify the Bondholders in the manner provided for in Basic Terms and Conditions of Bond Issue.

**Status of Bonds**

Each Bond is a bearer debt security issued in series, not in the form of a document within the meaning of Art. 8 of the Act on Bonds, in which the Issuer states that it is a debtor of the Bondholder and undertakes to meet obligations to him in cash, specified in detail in the Basic Terms and Conditions of Bond Issue and the Final Terms and Conditions of Bond Issue of a given Series of Bonds, in the manner and on the dates specified therein.

**Taxation of Bonds**

Investors should note that the tax regulations of the Republic of Poland, as well as of countries where investors are tax residents, may levy taxes on investors' income from holding Bonds or impose disclosure obligations on investors related to Bonds.

The necessity to pay tax on the income from Bonds achieved by the investor may result in investor's profit on the investment in Bonds being lower than assumed. In addition, failure to comply with information obligations imposed on the investor by applicable provisions of law may result in imposing on the investor a sanction provided for by these provisions.

**Trading and admission to trading**

The issuer intends to apply to GPW for admission and then for introduction of bonds to trading on Catalist market.

**Offering Restrictions**

Securities covered by the Prospectus will not be offered outside the territory of the Republic of Poland. The Prospectus and securities covered by it have not been registered, approved or notified in any country other than the Republic of Poland. Each investor residing or having its registered office outside the territory of the Republic of Poland should familiarize himself with provisions of Polish law and provisions of the laws of other countries that may be applicable to him.





## PART II – RISK FACTORS

By purchasing the Bonds, Investors assume the risk that the Issuer may become insolvent or may not be able to meet its obligations under Bonds for other reasons. Therefore, before making any investment decisions, potential Investors should analyze all information contained in this Prospectus and any supplements thereto, including documents incorporated by reference and the risk factors and Final Terms and Conditions of given Series described below.

It should be noted that it is neither possible to identify all circumstances that may lead to the Issuer being unable to perform its obligations under Bonds, nor to state, which circumstances are most likely to occur. Moreover, factors which, in the opinion of the Issuer, are not significant at the moment, may become significant in the future due to the occurrence of events beyond Issuer's control.

In this Prospectus, the Issuer has described a number of factors that may have a significant negative impact on business activities of the Issuer or the Issuer's Capital Group, their financial situation or results from business operations, and consequently affect Issuer's ability to meet its obligations under the Bonds, including Issuer's ability to make payments on Bonds and their timely redemption, as well as on the value or profitability of Bonds. Additionally, this Prospectus indicates factors that are significant from the point of view of market risks related to the Bonds.

In accordance with the provisions of the Prospectus Regulation, the risks presented in this Base Prospectus are limited to risks specific to the Issuer or for these securities in question. Therefore, risks described below are specific to business activities of the Issuer or its Group and the Bonds. However, there have not been presented all risks to which each the entity conducting business is (or may be) exposed and which may materialize at the Issuer or an entity from the Issuer's Group.

Risks presented in the Prospectus are listed in order from the most to the least significant in the opinion of the Issuer, while assessment of this significance takes into account potential negative impact of a given risk on the Issuer (in particular its financial position and ability to meet obligations under the Bonds) and the degree of probability of this risk.



## **1. RISK FACTORS RELATED TO BUSINESS ACTIVITIES OF THE ISSUER AND ITS GROUP AND ENVIRONMENT IN WHICH THE ISSUER AND THE GROUP OPERATE**

### **1.1. RISK RELATED TO CORONAVIRUS PANDEMIC (COVID-19)**

Spreading COVID-19 pandemic is a risk that has an increasing impact on the global and Polish economy. Dekpol Capital Group identifies potential risk that may affect particular areas of the Group's operations arising directly or indirectly from the current situation. In relation to the general contracting segment and the production of accessories to construction machines these are primarily: limited availability of administrative and production employees, subcontractors' employees as well as limiting or suspending production at plants supplying materials or elements for the investment. It cannot be excluded that in the current situation there may be delays in implementation of projects commissioned to the Issuer or entities from the Issuer's Group due to force majeure. Possible delays may result in disputes over payment of remuneration for works performed by the Issuer or entities from the Issuer's Group, related in particular to charging of contractual penalties or damages by contractors for failure to perform contracts on time.

In a real-estate development industry, the Issuer also notices the risk of temporary hotel closings during pandemic, which may translate into reduced demand for premises in apart-hotels and condo hotels constructed. The risk of a temporary reduction in demand for residential real-estates also be indicated, which may result in smaller number of agreements concluded in connection with sales of these properties, including reservation, preliminary and real-estate development agreements. In the opinion of the Issuer, postponement of the moment of their conclusion should not affect Group's results in long term period, but only in coming months.

In addition, reduction of work of public administration offices or remote work of officials may cause in delays in issuing administrative decisions, both construction permits and occupancy permits. This may result in delays in starting new construction projects as well as delays in handing-over of residential premises to final buyers on completed investments. At the same time, potential risk of suspension or slowdown of construction works and occurrence of logistical difficulties may cause delays in implementation of construction projects, resulting in inability to complete investments on time. The above, in turn, may increase the risk of potential withdrawal by buyers from already concluded contracts or charging contractual penalties.

The Issuer also notes that economic crisis caused by Covid-19 pandemic may have an impact on financial situation of Issuer's contractors or entities from the Issuer's Group, which may result in delays in payment of receivables due to the Issuer or entities from the Issuer's Group, or even complete insolvency of these contractors. In the event of a significant increase in this phenomenon, the Issuer's financial liquidity may deteriorate, despite existing financial provisions as at the date of this report, intended to cover operating losses.



The Issuer notes however, that due to unprecedented scale of phenomenon and dynamics of events, it is difficult to predict further development of situation and estimate an impact of potential effects of pandemic, as well as to assess possible scenarios of behavior of major investors, customers, suppliers and subcontractors. In the Issuer's Group, business activities are carried out to adapt functioning of companies to the changing conditions, so as to safely ensure continuation of business operations. The Issuer also takes the necessary preventive measures in the scope of projects implemented by the Issuer, as well as educational activities in relation to employees. At the same time, management boards of individual companies from the Issuer's Group will react to the changing market conditions on an ongoing basis.

Above conditions may have significant negative impact on development perspectives, achieved results and financial situation of the Issuer's Group, and, as a consequence, on ability of the Issuer for meeting of obligations resulting from Bonds.

Significance of the above risk factor is defined by the Issuer as high, because in the event of its occurrence, the scale of the negative impact on business activity and financial situation of the Issuer could be significant. The Issuer estimates the probability of occurrence of this risk as high.

## **1.2. RISK OF SMALL AVAILABILITY OF MORTGAGES / HOUSING LOANS**

Financial crisis and economic slowdown may adversely affect liquidity and financial situation of apartment buyers, which in turn may result in weakening of demand for apartments offered by the Issuer's Group. Demand on housing-estate market is largely dependent on availability of mortgages/housing loans and the ability of their repayment.

Due to economic crisis caused by Covid-19 pandemic, banks significantly changed their policy related to granting mortgage loans by tightening criteria for assessing creditworthiness. In particular, a noticeable trend in a mortgage market is the temporary exclusion of income from certain types of economic activity (industries) when assessing creditworthiness, or a significant limitation by banks of access or amount of credit in relation to people employed under civil law contracts. In this regard, it should also be mentioned that many banks have introduced a requirement to make a higher own contribution (lowering the LTV ratio), as well as increasing margins and commissions.

Possible decrease in availability of mortgages/housing loans, as well as deterioration in the creditworthiness of potential buyers of residential estates may adversely affect Issuer's Group's revenues. Changes in regulatory policy affecting banks' creditworthiness assessment and banks' policies in this regard may cause a decrease in demand for new apartments, and thus may have a negative impact on Group's operations, development perspectives, financial situation or results. The above, in turn, may affect the Issuer's ability to meet obligations under the Bonds.



## PROSPECTUS OF DEKPOL S.A.

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Since the COVID-19 epidemic, banks have tightened criteria for granting mortgages / housing loans, which the Group observes among its clients. The Issuer's Group estimates that approx. 50% of apartments it sells are financed by buyers by use of mortgage credits.

Significance of the above risk factor is defined by the Issuer as high, because in the event of its occurrence, the scale of the negative impact on business activity and financial situation of the Issuer could be significant. The Issuer estimates the probability of occurrence of this risk as high.

### 1.3. RISK RELATED TO CONSTRUCTION PROCESS

The main feature of construction activity is the necessity of engaging significant funds throughout the investment implementation period, up to the moment the facility is handed over to the counterparty. The services provided by the Issuer are of individual nature, developed under given conditions and using the available procedures and technologies. Due to the length of the entire construction process, there may be various changes to the conditions set at the beginning. The entire production and executive process carries a variety of risks. During this time, the following risks may occur:

- current design and executive changes at almost every stage of the process,
- incorrect initial estimation of project implementation costs,
- significant change in costs during the project implementation (increase in the costs of material purchase, increase in employment costs),
- mistakes made in managing the entire construction process,
- errors related to the applied technical and technological solutions.

As at the date of Prospectus, the Issuer under implementation remain approx. 30 external projects in general contracting formula. In some of them, after signing the annex to the agreement, completion date has changed. The above may have an impact on extension of the entire product manufacturing process, causing an increase in costs and delaying payments over time, which in turn increases probability of decrease in the Issuer's result and disturbance of financial balance, which in turn may affect Issuer's ability to meet obligations under the Bonds.

The above risk factor has existed in the past. Due to postponement of payments in ongoing projects, the Issuer had to actively manage the Group's liquidity, but this did not prevent the Issuer from meeting of its obligations.

Changes in design are a common occurrence in construction process, however, these changes are often subject to additional valuation. Company's staff shifts these risks towards the investor (Ordering party) informing about future and financial threats. These changes are primarily initiated on investor's side.

Changes in costs during implementation relates mainly to long-term investments. As at date of publication of this report, short-term investments constitute the main share in ordering portfolio. In case of long-term investments, which are carried out primarily for Dekpol Deweloper, increase in costs is also reflected in increase in sales per 1 m<sup>2</sup> of apartments space, which gives the way to partial recovery of costs.



Offers prepared by the Group are updated when the client extends decision time regarding choice of offering party and commencement to construction works. In the event of drastic increases during construction phase, the Group attempts to talk to investors on participation in increase of costs. Such discussions often have a positive effect on construction result.

Mistakes made in management of construction process are mainly related to entering into new segments of construction market and entering into new locations. This risk is minimized with increase in the experience of our staff, appropriate arrangement of construction organigram and unification of construction implementation processes in terms of management and technical aspects.

Mistakes related to applied technical and technological solutions mainly result from poorly designed and adopted solutions by designers. In order to compensate the costs incurred, the Group launches instruments in accordance with contractual provisions aimed at project authors and suppliers.

Significance of the above risk factor is defined by the Issuer as medium, because in the event of its occurrence, the scale of the negative impact on business activity and financial situation of the Issuer could be significant. The Issuer estimates the probability of occurrence of this risk as high.

#### **1.4. RISK RELATED TO THE CONCENTRATION OF BUSINESS ACTIVITIES ON THE LOCAL MARKET**

The majority of investments carried out by the Issuer in the scope of property development activities are located in the area of the Pomeranian Voivodship. Within general contracting segment, this concentration does not occur permanently over a long period of time, but there are periods when concentration on a local market is visible. Such concentration causes dependence on economic situation on the local market, as a result of which the Issuer's Group has to compete with large number of domestic and foreign business entities servicing real-estate development market. Such local limitations cause that Issuer's revenues largely depend on the level of investors' activity on residential market in the region. The multiplicity of competitive housing investments may have an impact on reduction of Issuer's Group revenues. This may directly translate into financial result and development perspectives of the Issuer's Group in the future, and also, as a consequence, on the Issuer's ability to meet obligations under the Bonds.

For mitigation of this risk, the Issuer actively looks for new investment opportunities throughout the country, which will increase independence from the situation on a local market and contribute to Issuer's development. In the structure of the Group, the Issuer owns company UAB DEK LT Statyba, which has historically been established to support business activities of the Issuer's Group in Lithuania in implementation of general contracting projects, as well as for management of future contracts in Lithuania. The companies from the Group own ground properties outside the Pomeranian Voivodship (Warszawa, Wrocław), on which it intends to implement hotel / residential projects.



The Issuer's Group also focuses on strengthening its market position and increasing its competitive advantage by providing high-quality and timely services as well as offering comprehensive solutions for private investors, including investors representing international concerns developing their operations in Poland.

Significance of the above risk factor is defined by the Issuer as medium, because in the event of its occurrence, the scale of the negative impact on business activity and financial situation of the Issuer could be significant. The Issuer estimates the probability of occurrence of this risk as high.

### **1.5. RISK RELATED TO CONCENTRATION OF GENERAL CONTRACTING PROJECTS ON WAREHOUSE MARKET**

For several years, participation of warehouse projects in the Issuer's order portfolio has significantly increased (as warehouse projects the Issuer qualifies: warehouse halls, production and warehouse halls, production and warehouse halls with an office building, warehouse and service halls with an office building). At the end of 2018, the share of warehouse projects was approx. 71%. In the following year, their share dropped to approx. 68%, and at the end of 2020 it increased to 80%. The Issuer notices significant concentration on this type of projects in its order portfolio. In the event of a collapse / decrease in this market segment, the Company may record a smaller number of contracts, which may have a significant negative impact on the level of generated revenues and profits as well as further development of the Issuer.

The focus on warehouse projects is due to the fact that Dekpol has been a leading contractor of this type of contracts in Poland for many years, moreover, it is now possible to observe a dynamic development of the warehouse market in Poland and it fits well with the strategy of Issuer's Group in general contracting segment (focus on short-term contracts, whose completion date does not exceed 8 months).

Significance of the above risk factor is defined by the Issuer as medium, because in the event of its occurrence, the scale of the negative impact on business activity and financial situation of the Issuer could be significant. The Issuer estimates the probability of occurrence of this risk as low.



## 1.6. RISK OF FALLING APARTMENTS PRICES

Decisions made by Issuer's Group must take into account relatively long-time horizon for each investment, as well as significant fluctuations in selling prices of premises during projects implemented, over which the Issuer has no exclusive control. These factors may have a significant impact on Group's profitability and its financial needs. The price level is influenced by supply-demand relationship, which is influenced by e.g. purchasing power of potential customers and available amount of financing costs for the purchase of premises. A drop in apartment prices may have a significant negative impact on business operations, financial situation, results and development perspectives of the Issuer's Group. The above, in turn, may affect the Issuer's ability to meet obligations under the Bonds.

Real-estate development market is usually reacting with delay compared to other asset classes, and possible falls in apartments prices may only be seen in longer term. At the present time, the Issuer does not aim to lower the prices of its investments, although in the event of potentially sustained downward trend in prices on the housing estate market, it will be forced to adjust its price lists so that its offer remains competitive on the market.

Significance of the above risk factor is defined by the Issuer as medium, because in the event of its occurrence, the scale of the negative impact on business activity and financial situation of the Issuer could be significant. The Issuer estimates the probability of occurrence of this risk as medium.

## 1.7. RISK RELATED TO THE IMPLEMENTATION OF REAL-ESTATE DEVELOPMENT PROJECTS

The property development project cycle is a long-term cycle (over 24 months), characterized by the need to incur significant financial outlays and the total return of incurred expenses only after the minimum of 2 years. In line with adopted strategy, Dekpol Deweloper buys ground properties for multi-stage projects (e.g., Osiedle Zielone, Osiedle Pastelowe, Nowe Rokitki, Sol Marina, Grano Resort in Sobieszewo). The next stages of projects are usually launched at intervals of 6 to 12 months. The issuer usually has to pay for the ground property in full, and the complete development of the ground may take place even up to several years after its acquisition date. A long delay in sales may, in particular in the event of an unfavorable macroeconomic situation, result in non-recovery of some or all of the invested funds. Therefore, the moment of obtaining revenues may be significantly distant in relation to expenditure incurred for implementation of a given project.

Costs related to implementation of a property development project and, consequently, financial results of the Group may be significantly affected by such factors as:

- necessity to incur additional costs (also as a result of their incorrect estimation) or occurrence of circumstances causing a significant change in costs;
- changes in the scope of the project and changes in architectural design project;
- failure in performance of works by contractors within agreed deadlines and to the agreed standard;



- delay in obtaining an occupancy permit;
- delays in completing of documentation necessary for signing of notarial deeds transferring ownership, issued by administrative bodies.

Significance of the above risk factor is defined by the Issuer as medium, because in the event of its occurrence, the scale of the negative impact on business activity and financial situation of the Issuer could be significant. The Issuer estimates the probability of occurrence of this risk as medium.

## 1.8. RISK RELATED TO SUBCONTRACTORS

One of factors having a significant impact on proper course of contract implementation is cooperation with subcontractors. In the process of contract execution, the Issuer's Group, apart from its own human resources, takes advantage of services of subcontractors, at the same time taking over from the ordering parties (investors) the risk related to improper performance of terms of contract or untimely performance of the subject of contract by subcontractors. This may result in Group's breach of the contract with the ordering party and lead to claims against the Group and expose it to loss of the reputation of a reliable contractor, which will adversely affect the Group's financial result and, as a consequence, the Issuer's ability to meet obligations under the Bonds.

The Group tries to reduce this risk by increasing executive resources, appropriate selection of subcontractors and taking steps to build a database of reliable, proven and regularly cooperating subcontractors with appropriate certificates and experience. In addition, the Group, when constructing contracts with subcontractors, specifies terms and conditions, trying to protect them against non-performance or improper performance of contract terms by these entities, mitigating this risk to the subcontractor or supplier.

Limited availability of external subcontractors may also result in an increase in costs incurred on behalf of subcontractors, and thus adversely affect results and financial situation of the Group.

It should also be noted that if the Group takes advantage of services of subcontractors without obtaining the consent of the investor or contractor, it is exposed to contractual risk provided for in some contracts. Moreover, in such cases, provision of Art. 6471 of the Civil Code providing for joint and several liability of the entity concluding contract with subcontractor (contractor) and the investor for payment of remuneration for services provided by subcontractor. Being aware of this risk, the Group always strives to obtain appropriate approvals from ordering entities.

Significance of the above risk factor is defined by the Issuer as medium, because in the event of its occurrence, the scale of the negative impact on business activity and financial situation of the Issuer could be significant. The Issuer estimates the probability of occurrence of this risk as low.





## 1.9. RISK OF BREACH OF OBLIGATIONS PROVIDED FOR IN LOAN AGREEMENTS AND IN TERMS AND CONDITIONS OF BONDS ISSUE

Loan agreements concluded by entities from the Group, as well as terms and conditions of bonds issue, provide for obligations to maintain certain financial ratios. The issue of bonds may result in potential breach of these ratios, which in turn may lead to termination of loan agreements by banks or an earlier redemption of issued bonds by bondholders. In addition, some loan agreements of the Group's entities contain provisions providing for the so-called cross-default, which means that the breach of one loan agreement automatically results in the breach of other loan agreements concluded with the same bank. In the event of default under one financing agreement, the existence of cross-infringement provisions may automatically result in default in other agreements. If such default provisions in other contracts are triggered, this could lead to significant losses for the Group and a significant reduction in its access to capital.

Any failures in meeting of obligations under loan agreements or bond issue terms and conditions may result in maturity of debts before originally scheduled repayment date and a significant deterioration in financial liquidity of entities from the Issuer's Group. The above may result in use by bank or bondholders of a security specified in loan agreements, including enforcement against properties encumbered with a mortgage. Thus, there is a risk that properties or other assets belonging to the Group may be seized, which may result in the Group losing some of its significant assets. Events indicated above may have a negative effect on Group's operations, financial condition and results of business operations, and, as a consequence, the Issuer's ability to meet obligations under the Bonds.

In order to prevent the occurrence of indicated circumstances, the Issuer performs on an ongoing basis assessment of debt status and controls the compliance with covenants contained in the loan agreements and terms and conditions of bond issue.

The above risk factor has not yet materialized for Issuer's business operations, nevertheless its significance is defined by the Issuer as medium, because in the event of its occurrence, the scale of the negative impact on business activity and financial situation of the Issuer could be significant. The Issuer estimates the probability of occurrence of this risk as medium.



## **1.10. RISK RELATED TO NON-PAYMENT OF RECEIVABLES BY ORDERING PARTIES**

Contracts for the execution of construction works usually include clauses concerning payments for individual construction stages and provisions guaranteeing partial invoicing for performed works. As a result, the risk of payment default for services provided is low. However, there is a risk that, despite the implementation of a given stage of work, the principal fails (or does not meet his / her agreed dates) from the agreed payments, which may lead to limitation of the Capital Group's financial liquidity and, in extreme cases to lead to financial losses and limitation of ability in repayment of obligations resulting from Bonds.

The Issuer tries to limit the above risk by signing contracts with reliable contractors, however, it cannot guarantee that such losses may incur in the future. In addition, all customers who are interested in using the trade credit are subject to verification procedures, and the Issuer monitors the receivables on an ongoing basis. It is also important that this type of risk is limited to a certain extent by the provisions of the Civil Code regarding payment guarantees for construction works.

In the past, the risk has not materialized significantly for the Issuer's business operations; in the past, there have been shifts in payment of receivables, although they were agreed by ordering parties with the Issuer and finally the payment was made.

Significance of the above risk factor is defined by the Issuer as medium, because in the event of its occurrence, the scale of the negative impact on business activity and financial situation of the Issuer could be significant. The Issuer estimates the probability of occurrence of this risk as low.

## **1.11. RISK RELATED TO INITIATIVES OF PUBLIC AUTHORITIES REGARDING CONDO HOTELS AND APARTMENTS**

As a part of real-estate development activities, entities from the Issuer's Group have offered and intend to offer in the future sales of premises also in condo hotel and aparthotel model. The subject of the offer is the ownership of a non-residential premises, and conclusion of a lease agreement for this premises with an entity that will conduct operating activities in a given hotel facility (an entity not belonging to the Issuer's Group).

In the third quarter 2019, the Polish Office of Competition and Consumer Protection (UOKiK), the Polish Financial Supervision Authority (KNF) and the Ministry of Investment and Development (MliR) launched an information campaign in which they warned about risks associated with investing in rooms in aparthotels and condo hotels. Although the Issuer agrees with the theses presented in the campaign and sees the need to conduct it, the content of the announcements raised concerns among consumers and the Issuer's clients and, as a consequence, may lead to a decline in interest in this type of offer.



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The Issuer indicates that he participated in market research conducted by the President of Polish Office of Competition and Consumer Protection, in which, among others, informed about the applied principles of cooperation and presented the applied contract templates. No proceedings were initiated against the Issuer by the President of Polish Office of Competition and Consumer Protection.

It cannot be ruled out that in the future further information campaigns or legislative initiatives will be undertaken, which will result in lack of interest in premises in condo hotels and apart hotels by customers or, as a result of the introduced security measures and restrictions, will make such investments unprofitable.

Significance of the above risk factor is defined by the Issuer as medium, because in the event of its occurrence, the scale of the negative impact on business activity and financial situation of the Issuer could be significant. The Issuer estimates the probability of occurrence of this risk as low.

### 1.12. RISK RELATING TO A HIGH BALANCE OF OVER-DUE LIABILITIES OF THE ISSUER

The balance of overdue liabilities of Dekpol S.A. as at 30/09/2020 amounted to 21 538 thousands of PLN, which is 4.6% of the Issuer's total liabilities (465,143 thousands of PLN as at 30/09/2020). The above balance results from specificity of Issuer's business operations, i.e. large-scale (approximately PLN 405 million of revenues in this segment for the period from 01/01/2020 to 30/09/2020) in the general contracting segment. The main group of creditors were subcontractors of general contracting services provided by the Issuer. Most of liabilities repaid after maturity date arise due to contractor's failure to provide complete documentation. In accordance with internal procedures in force in the Issuer's Group, the possibility of making payments for due and undisputed invoices takes place after delivering a complete set of documents for the protocol in accordance with contractual provisions. Immediately after noticing deficiencies, contractors are informed about situation and are obliged to supplement the formal deficiencies, so that the payment date depends on fulfillment of the above-mentioned. In the balance of overdue liabilities, there is not a large concentration on one subcontractor. The following is the structure of overdue balance mentioned above (data in thousands of PLN):

Data in thousands of PLN	Sum	< 90 days	91-180 days	181-365 days	> 365 days
<b>Overdue liabilities balance</b>	21 538	19 845	1 101	220	372
<b>Share in %</b>	100%	92%	5%	1%	2%

Source: Issuer



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As at Prospectus Date, the vast majority of overdue liabilities had been settled - 20,993 thousands of PLN was repaid.

Estimated balance of overdue liabilities of the Issuer and Dekpol Budownictwo sp. z o.o. \* as at 28<sup>th</sup> of February 2021 amounted to 48,043 thousands of PLN.

Data in thousands of PLN	Sum	< 90 days	days	181-365 days	> 365 days
<b>Overdue liabilities balance</b>	48 043	44 686	<b>days</b>	315	592
<b>Share in %</b>	100%	93%	<b>days</b>	1%	1%

\*the value was given jointly for Dekpol S.A. and Dekpol Budownictwo sp. z o.o. for the purposes of comparability due to separation of General Contracting department (as described in point 4.4 of Part III of the Prospectus)

Nominal increase in the value of estimated overdue liabilities as at 28/02/2021 compared to 30/09/2020 is mainly due to higher level of sales in the last two months of 2020, as the result of contraction level for general contracting services and schedules implementation of general contracting contracts. At the same time, the level of production costs of products in November and December was approximately 70% higher than the average level during three quarters of 2020, which directly translated into an increase in balance of liabilities.

Despite the nominal increase in balance of liabilities in relation to the balance reported as at 30/09/2020, the time structure has not deteriorated - past-due liabilities > 90 days do not exceed 10% of balance of past-due liabilities.

Additionally, the Issuer points out that in the estimated total of overdue liabilities within 90 days, only 14% were delayed by more than 60 days; details in the table below.

Time structure of 90-day overdue liabilities estimated at the end of February 2021:

Data in thousands of PLN	Sum	1-30 days	31-60 days	61-90 days
<b>Balance</b>	44 686	13 705	24 641	6 340
<b>Share in %</b>	100%	31%	55%	14%

As at Prospectus Date, most of overdue liabilities were settled - PLN 38,798 thousands were repaid, which is 81% of estimated at the end of February 2021 balances of overdue liabilities.

Significance of the above risk factor is described by the Issuer as low, because in the event of its occurrence, the scale of negative impact on business activity and financial situation of the Issuer would not be significant. The Issuer assesses the probability of this risk as medium. The Issuer informs that the transfer of activities in the field of general contracting segment (from 01/01/2021 business activity is conducted by Dekpol Budownictwo sp.z o.o.) at the level of the Issuer's Group will not change the significance of this risk factor or the probability of its occurrence.



### 1.13. RISK RELATED TO LIQUIDITY GAP

The Issuer's Group is exposed to liquidity risk as a result of mismatching maturity of assets and liabilities. The table below presents the maturity dates / repayment dates of the Group's assets and liabilities as at 30<sup>th</sup> of September 2020 (in thousands of PLN):

Zobowiązania (według umownych terminów wymagalności) na dzień 30.09.2020 r. (w tys. zł)	do 1 roku	do 2 lat	do 3 lat	do 4 lat	do 5 lat	powyżej 5 lat Nieokreślone Razem		
Zobowiązania z tytułu kredytów i pożyczek (w tym faktoring)	44 332	35 671	1 183	1 183	1 183	986	-	84 539
Zobowiązania z tytułu obligacji	137 997	21 500	-	-	-	-	-	159 497
Zobowiązania z tytułu leasingu	4 832	2 109	485	61	-	-	-	7 487
Zobowiązania z tytułu dostaw i usług oraz pozostałe	299 154	1 406	2 362	3 120	4 553	5 510	27 898	344 003
Zobowiązania razem	486 315	60 686	4 030	4 364	5 736	6 496	27 898	595 526
Aktywa (według oczekiwanych terminów wymagalności) na dzień 30.09.2020 r. (w tys. zł)	do 1 roku	do 2 lat	do 3 lat	do 4 lat	do 5 lat	powyżej 5 lat	Nieokreślone	Razem
Aktywa razem	574 796	18 073	36 735	7 714	6 857	5 804	232 375	882 354
Luka płynności netto	88 481	- 42 613	32 705	3 350	1 121	- 692	204 477	286 828
Skumulowana luka płynności netto	88 481	45 868	78 573	81 922	83 043	82 351	286 828	286 828

Source: Issuer

Mismatch between maturity of assets and liabilities in the second year from the balance sheet date is related to the nature of general contracting and real-estate development activities. The average duration of a general contracting project is usually up to 1 year, and a real-estate development project is from 2 to 3 years, therefore the Issuer does not usually show any significant assets on the assets side with a maturity longer than 3 years from the balance sheet date. Issuer's Management Board points out that accumulated liquidity gap is positive each year, hence there are no prerequisites of the Issuer's lack of liquidity.

As at Prospectus Date, the Issuer has no more up-to-date data on the liquidity gap. Conversion as of 31<sup>st</sup> of December 2020 will be possible after the annual statement is prepared. According to the data as at Prospectus Date, attention should be paid to the change in maturity of bonds compared to the data as of 30<sup>th</sup> of September 2020 - in Q4 2020, G / H-series were redeemed in the amount of PLN 29 million (Issuer) and PLN 8.5 million (Dekpol Deweloper); on the other hand, new issues carried out in Q4 2020, have a maturity of 3 years (I-series - PLN 50 million) and 3.5 years (J-series - PLN 11 million). In Q1 2021, the G / H-series were fully redeemed (PLN 63 million, Issuer), and new issues carried out in Q1 2021 have a maturity of 3.5 years (K-series - PLN 21.5 million, L-series - PLN 17.65 million, Issuer) and 3.5 years (B-series - PLN 10 million, Dekpol Deweloper).

Significance of the above risk factor is described by the Issuer as low, because in the event of its occurrence, the scale of negative impact on business activity and financial situation of the Issuer would not be significant. The Issuer assesses the probability of this risk as low.



## 2. RISK FACTORS RELATED TO SECURITIES

### 2.1. RISK OF DELAY, NON-PERFORMANCE IN WHOLE OR SOME PART OF OBLIGATIONS RESULTING FROM BONDS

Bonds do not constitute a bank deposit and are not covered by any deposit guarantee scheme, which entails the risk of losing of all or some part of funds invested. Performance by the Issuer of obligations under the Bonds consists in redemption of Bonds through the payment of the nominal value of Bonds and payment of interest. These services may not be performed or their performance may be delayed if, due to deterioration of financial situation, the Company does not have appropriate funds at their maturity. The Issuer's ability to serve obligations under Bonds may deteriorate in the event of an excessive increase in the level of its debt or a significant deterioration of Company's financial results. Failure to redeem the Bonds on time may result in bankruptcy of the Company, which in consequence means for the investor the risk of losing of all or some part of funds invested in Bonds.

Interests may also not be paid as a result of seizure of Issuer's cash in the execution against the Issuer or technical problems. In addition, Terms and Conditions of Bonds Issue contain a number of clauses, the breach of which gives the Bondholder the right (after performing certain actions and following appropriate procedure) to demand an earlier redemption of Bonds by the Issuer. In particular, there is a risk that in the event of a request for an early redemption of Bonds, the Issuer will not have sufficient funds to fulfill such request for early redemption of Bonds.

In the event of Issuer's insolvency and in the event of its bankruptcy or restructuration, the bondholder may not recover of all or some part of funds invested in Bonds. An issuer may become insolvent if it loses the ability to meet its due pecuniary obligations or if its pecuniary obligations exceed the value of its assets. In the event of insolvency, the Issuer may be declared bankrupt. In such a situation, repayment of its obligations, including obligations under Bonds, will be subject to provisions of the Insolvency Law. These provisions also prevent the Bondholders from effectively exercising their right to demand early redemption of Bonds. The result of declaration of bankruptcy of the Issuer will be immediate maturity of its obligations, including obligations under Bonds. Creditors will be satisfied on terms and in sequence specified in provisions of the Insolvency Law. Pursuant to these regulations, liabilities under Bonds will be satisfied after satisfying, inter alia, costs of bankruptcy proceedings, employee claims arising before declaration of bankruptcy, social security contributions for the last three years before declaration of bankruptcy.

Despite the insolvency of the Issuer, bankruptcy petition may be dismissed or the bankruptcy proceedings may be discontinued due to the lack of Issuer's assets to cover costs of proceedings. In the event of insolvency or a threat of insolvency of the Issuer, its liabilities, including liabilities under Bonds, may also be subject to restructuring, pursuant to provisions of the Restructuring Law.



In the event of the commencement of bankruptcy or restructuring proceedings, conducting enforcement proceedings against the Issuer in order to satisfy the liabilities under Bonds may not be possible or may be limited by law or by court decision.

Investors, when making investment decisions, should be aware, in particular, of a high risk associated with investing of all funds in bonds of one entity and related need to maintain an appropriate investment diversification.

The above risk factor has not materialized so far for the Issuer's operations, there have been no delays in repayment of liabilities resulting from bonds issued by the Issuer or entities from the Issuer's Group. The Issuer assesses significance of the above risk as high, and the probability of its occurrence as low.

## **2.2. RISK RELATED TO THE POSSIBILITY OF SO CALLED „BONDS ROLLOVER”**

The Issuer does not exclude the possibility of settlement of existing obligations under Bonds in part or in full with funds obtained from new bond issues (rollover of bonds) under the Programme. There is a risk that the bonds of new series under Programme will not be acquired, which may result in the need to redeem existing Bonds by payment of redemption amount to Bondholders. The inability to refinance the debt on favorable terms during maturity of liabilities may have a negative impact on business activity and financial situation of the Issuer and the Issuer's ability in meeting of obligations under Bonds.

As at Prospectus Date, the Issuer assesses both the probability of the above risk of its materialization during validity period of Prospectus as well as its significance as medium, because if it occurs, the scale of negative impact on financial and operational situation of the Issuer would be quite significant.

## **2.3. RISK RELATING TO THE POSSIBILITY OF DISCONTINUATION OF FINANCING THROUGH BONDS ISSUE**

The issuer finances its operations with its own funds and mainly in the form of bonds and loans. As at 31<sup>st</sup> of December 2019, share of company's own financing in Issuer's liabilities structure amounted 25.4% (PLN 242 314 thousand), and the share of third party financing was at the level of 74.6% (PLN 712 667 thousand). As at 30/09/2020, the share of own financing in the structure of the Issuer's liabilities was at 32.5% (PLN 286 827 thousand), and the share of third party financing was at the level of 67.5% (PLN 595 525 thousand).

The Issuer uses funds from the bonds mainly to finance current business operations of the Issuer's Group, including purchase of new ground properties for real-estate development projects and as own contribution to projects. In the event of limitation of the possibility of issuance of bonds (among others as a result of decrease in demand for bonds, a decrease in competitiveness of interest rates on bonds in relation to bank deposits, greater aversion of



investors to risk and investing in bonds, no redemption of bonds by other issuers on the market, lower amount of available cash to invest in bonds) there is a risk related to the possibility of the Issuer ceasing to finance by bond issues, which will result in a smaller scale of operating activities.

The above factors may have a negative impact on business operations, financial situation or results of Issuer's operations, which in turn may have a negative impact on Issuer's ability to meet obligations under Bonds.

As at Prospectus Date, the Issuer assesses both the probability of the above risk of its materialization during validity period of Prospectus as well as its significance as medium, because if it occurs, the scale of negative impact on financial and operational situation of the Issuer would be quite significant.

## **2.4. RISK RELATED TO LACK OF BONDS COLLATERAL**

The Bonds may be issued both as secured and unsecured within the meaning of the Act on Bonds. In case of the issue of unsecured bonds, it will mean that neither the Issuer nor any other entity has established collateral for the benefit of Bondholders. The Company may decide in individual series that it does not plan to establish collateral for Bonds in the future. Therefore, potential Bondholder should take into account that possibly pursuing claims against the Company may be conducted on general principles only, i.e. in the manner provided for in provisions of Civil Code and the Code of Civil Procedure. There is a risk that the Company's assets may turn out to be insufficient to satisfy financial claims of Bondholders.

As at Prospectus Date, the Group has historically issued 26 series of bonds, 18 of which were secured by mortgage (series A, C1-C5, D, DA, DB, E1-E4, F1-F4, I), and 2 were secured by a surety (series A and B Dekpol Deweloper sp. z o.o. with the guarantee of Dekpol SA). Due to the fact that some of bond issues to date have been unsecured, the Issuer assesses the probability of the above risk as medium. The significance of the above risk factor is described by the Issuer as low, because in the event of its occurrence, the scale of negative impact on business activity and financial situation of the Issuer would not be significant.

## **2.5. RISK RELATING TO REGULATION REGARDING REFERENCE INDICATORS AND METHODS OF CALCULATION OF THE BASIS RATE OF BONDS**

On 1<sup>st</sup> of January 2018, the Benchmark Regulation entered into force, establishing new rules for development, provision and use of benchmarks in European Union. Under Benchmark Regulation, a benchmark is, inter alia, any index that is used as a reference to determination of the amount payable on a financial instrument. As a part of the Offer, the Issuer may offer Bonds with fixed or variable interest rates. The base rate which is the basis for determining the





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variable interest rate on Bonds will be the WIBOR (Warsaw Interbank Offer Rate) reference index, which is determined by GPW Benchmark S.A.

The Benchmark Regulation requires those entities intending to act as benchmark administrators to obtain appropriate authorization or registration. As at Prospectus Date, GPW Benchmark S.A. is not entered in the register of authorized administrators and benchmarks kept by European Securities and Market Authority, referred to in Art. 36 of Benchmark Regulation.

On 16<sup>th</sup> of December 2020, the Polish KNF issued a permit for GPW Benchmark S.A. to run activity as an administrator of interest rate benchmarks, including key benchmarks.

The Benchmark Regulation may have a significant impact on financial instruments with variable interest rate for which the interest rate is determined by reference to benchmarks such as WIBOR, in particular if the methodology for calculation of that benchmark or other rules for compiling such a benchmark changes, or the WIBOR rate will cease to be published. These changes may result in decrease or increase in the level of benchmark on which the Base Rate on Floating Bonds is determined. Lowering Base Rate of Bonds may, as a consequence, reduce yield on Bonds.

Significance of the above risk factor is assessed by the Issuer as low, because in the event of its occurrence, the scale of negative impact on business activity and financial situation of the Issuer would not be significant. The Issuer assesses the probability of this risk as low.

### **2.6. RISK OF FAILURE IN ISSUANCE OF PARTICULAR SERIES OF BONDS**

Bonds issue under the Bond Issue Programme of a particular series may not take place if, by the end of subscription period, at least one subscription for a number of bonds corresponding to at least the issue's effective threshold has not been properly submitted and paid for.

Occurrence of the above case may result in freezing of funds for a certain period of time and in a loss of potential benefits for investors, because the amounts paid will be returned to subscribers without any interest or compensation.

As all the Issuer's bond issues have been successfully completed, the Issuer assesses the probability of the above-mentioned risk as low. Significance of the above risk factor is assessed by the Issuer as low, because in the event of its occurrence, the scale of negative impact on business activity and financial situation of the Issuer would not be significant.

### **2.7. RISK OF CHANGE OF INTEREST RATES**

Depending on decision of the Company, interest rate on Bonds of each series will be fixed or variable based on relevant WIBOR market rates, on terms specified in Final Terms and



Conditions of the given Series of Bonds. With variable interest rate on Bonds, significant changes in the base rate of Bonds may occur in the period from the Issue Date of a given series of Bonds to Redemption Date (as defined in Final Terms and Conditions for the Issue of a given Series of Bond). Lowering Base Rate of Bonds may affect the yield on Bonds.

Significance of the above risk factor is described by the Issuer as low, because in the event of its occurrence, the scale of negative impact on business activity and financial situation of the Issuer would not be significant. The Issuer assesses the probability of this risk as high.

## **2.8. RISK OF EARLIER REDEMPTION OF BONDS**

In Final Terms and Conditions of a given Series of Bonds, the Company may provide for the possibility of early redemption of Bonds of a given series at the request of the Company. In such a case, Bonds will be redeemable before Redemption Date specified in Final Terms and Conditions of a given Series of Bonds, and the investor will not be able to obtain revenues from Interest within investment horizon assumed by the investor.

It can be expected that the Company will take advantage of its right to early redemption of Bonds in a situation where its potential financing costs will be lower than interest rate on Bonds. During such a period, investors may not be able to invest funds obtained from early redemption of Bonds in a way that would provide them with a rate of return equal to the rate of return on Bonds subject to early redemption.

Significance of the above risk factor is described by the Issuer as low, because in the event of its occurrence, the scale of negative impact on business activity and financial situation of the Issuer would not be significant. The Issuer assesses the probability of this risk as medium, because historically the Issuer redeemed bonds prior to original maturity date.

## **2.9. RISK RELATED WITH REGISTRATION OF BONDS IN KDPW**

Bonds issued under the Programme will be bearer securities and will not have the form of a document. The bonds will be dematerialized, which means that the Issuer must conclude an agreement with Krajowy Depozyt Papierów Wartościowych (KDPW), the subject of which is registration of Bonds in securities depository.

KDPW will be the entity operating deposit where the bonds will be registered. Rights from Bonds arise when they are first entered in a securities account, which will take place after their registration in the KDPW register. Registration of bonds in KDPW may be delayed if the application submitted by the Issuer for registration of Bonds or the one attached thereto do not meet formal conditions set out in provisions in force in KDPW, in particular the Rules of KDPW and the Detailed Rules of Operation of KDPW and will need to be completed or corrected.



In the event of registration of Bonds pursuant to Art. 7a of the Act on Trading, the rights from Bonds arise when they are entered into register of persons entitled to Bonds referred to in Art. 7a paragraph. 4 point 4) of the Act on Trading. Subsequently, Bonds will be registered in KDPW on the basis of application submitted through the Issuing Agent through a dedicated application of KDPW. If the Issuer fails to meet conditions necessary to register or send an application by the Issuing Agent containing incorrect information on the issue of Bonds, Bonds may not be registered in depository of securities maintained by KDPW or registration of Bonds in depository of securities maintained by KDPW may be delayed.

In the above cases, there may be a freezing of funds for a certain period of time and a loss of potential benefits for Investors, because the amounts paid will be returned to them without any interest or compensation.

As the registration of these securities in KDPW was made without any negative circumstances with all the Issuer's bond issues, the Issuer assesses the probability of the above risk as low. Significance of the above risk factor is described by the Issuer as low, because in the event of its occurrence, the scale of negative impact on business activity and financial situation of the Issuer would not be significant.

## **2.10. RISK OF RESIGNING BY THE ISSUER FROM BONDS OFFER AND RISK RELATED TO SUSPENSION OF THE OFFER RISK OF WITHDRAWAL BY THE ISSUER FROM THE OFFERING AND THE RISK RELATING TO THE SUSPENSION OF THE OFFER**

The Issuer may decide at any time prior to allotment of Bonds to resign from Bonds Offer of a given issue in agreement with Investment Firm. If resigning from the Offering takes place prior to commencement of accepting subscriptions for Bonds of a given series from Investors, the Issuer will not be obliged to provide reasons for such resign. From the date of commencement of accepting subscriptions from Investors to the date of allotment of Bonds, the Issuer - in agreement with Investment Company - may resign from the Offer of a given series of Bonds, whereby such resign may occur for reasons which, in the opinion of the Issuer, are important reasons.

Decision of suspension of the Offer of a given series of Bonds, without giving reasons, may be made by the Issuer - in agreement with Investment Firm - at any time before accepting subscriptions from Investors. From the date of commencement of accepting subscriptions from Investors until allotment of Bonds of a given series, the Issuer, in agreement with Investment Company, may decide to suspend the Offering of a given series of Bonds only for reasons which (in the Company's opinion) are important reasons.

In the above cases, there may be a freezing of funds for a certain period of time and the loss of potential benefits by Investors, because the amounts paid will be returned to them without any interest or compensation.



The Issuer assesses significance of the above risk and the probability of its occurrence as low.

### **2.11. RISK OF NON-ALLOTMENT OF BONDS**

Condition required for allotment of Bonds to the Investor is correct submission of subscription for Bonds and payment for subscription in the amount resulting from the product of number of Bonds covered by subscription and the Issue Price. Investor bears all consequences of improper completion of Bond subscription form. A record that omits any of required elements may be considered invalid. Failure to make payments for Bonds of a given series within the specified time frame shall invalidate the entire subscription and there is no basis for allotment of a given series of Bonds to the Investor.

In addition, subscriptions for a given series of Bonds may be reduced in cases and on terms described in Prospectus and Final Terms and Conditions of Series of Bonds. There is a risk that in special circumstances, such as a large reduction in subscriptions and a small subscription for of a given series of Bonds, the Investor will not be allotted a single Bond.

Occurrence of the above case may result in freezing of funds for a certain period of time and the loss of potential benefits by investors, because the amounts paid will be returned to subscribers without interest or compensation.

The Issuer assesses significance of the above risk and the probability of its occurrence as low.

### **2.12. RISK RELATED TO THE POSSIBILITY OF FAILURE OF CONDITIONS ALLOWING ADMISSION OR PLACING OF BONDS ON THE CATALYST REGULATED MARKET**

The Issuer will seek for placement of Bonds on the regulated Catalyst market. Therefore, after the Bonds are purchased by Investors, the Issuer will take steps to submit an application for introduction of Bonds on the Catalyst regulated market. There is a risk that the market maker will refuse to introduce Bonds to the Catalyst regulated market.

In the event of a refusal to place Bonds on the Catalyst regulated market, the Issuer will seek to place Bonds in the Catalyst alternative trading system.

The issuer would like to point out that historically it has had no problems with placement of Bonds on the Catalyst alternative trading system. All series of bonds that were to be listed on Catalyst and where an application for introduction was submitted, were listed on the market.

Despite the Issuer's best efforts to place Bonds to trading, the buyer of Bonds, when making an investment decision, should take into account the risk of inability to list the Bonds on Catalyst market.



PROSPECTUS OF DEKPOL S.A.

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The Issuer assesses significance of the above risk and the probability of its occurrence as low.



## PART III – REGISTRATION DOCUMENT

### 1. RESPONSIBLE PERSONS, THIRD-PARTY INFORMATION, REPORTS OF PROFESSIONALS AND APPROVAL BY COMPETENT AUTHORITY

#### 1.1. INDICATION AND DECLARATIONS OF PERSONS RESPONSIBLE FOR INFORMATION OR PART OF INFORMATION CONTAINED IN PROSPECTUS

##### 1.1.1. ISSUER

Name (Company):	Dekpol Spółka Akcyjna
Headquarter:	Pinczyn
Address:	ul. Gajowa 31, 83-251 Pinczyn
Phone:	+48 58 560 10 60
Website:	www[.]dekp[.]pl
E-mail address:	dekp[.]pl

The Issuer is responsible for all information contained in the Prospectus.

The persons acting on behalf of the Issuer are:

- President of Management Board - Mariusz Tuchlin
- Vice-President of Management Board - Katarzyna Szymczak-Dampc

#### **Declaration of responsibility of persons acting on behalf of the Issuer**

We hereby declare that, to the best of our knowledge, the information contained in the Prospectus is factually correct and that nothing has been omitted in the Prospectus that could affect its meaning.

\_\_\_\_\_  
President of Management Board  
Mariusz Tuchlin

\_\_\_\_\_  
Vice-President of Management Board  
Katarzyna Szymczak-Dampc



PROSPECTUS OF DEKPOL S.A.

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### 1.1.2. Investment Company

Name (Company):	Michael / Ström Dom Maklerski S.A.
Headquarter:	Warszawa
Address:	al. Jerozolimskie 100, 00-807 Warszawa
Phone:	+48 22 128 59 00
Website:	www[.]michaelstrom[.]pl
E-mail address:	kontakt@michaelstrom[.]pl

Investment Firm is responsible for information contained in the following sections of the Prospectus:

- Part II – „Risk factors”: Items 1.1 – 1.8, 1.12 – 1.13, 2.1 – 2.9, 2.12.
- Part III – „Registration document”: Items 4.5-4.8; 5; 7; 8; 11.1-11.3; 11.5.
- Part IV – „Offering document”: Items 3; 4.8-4.11; 4.13; 4.16; 5; 6; 7.

The persons acting on behalf of the Investment Company are:

- President of Management Board - Michał Ząbczyński
- Vice-President of Management Board - Leszek Traczyk

#### **Declaration of responsibility of persons acting on behalf of the Investment Company**

We hereby declare that, to the best of our knowledge, the information contained in the above-mentioned parts of the Prospectus, for which takes responsibility Michael / Ström Dom Maklerski S.A., is factually correct and that nothing has been omitted in the Prospectus that could affect its meaning

\_\_\_\_\_  
President of Management Board  
Michał Ząbczyński

\_\_\_\_\_  
Vice-President of Management Board  
Leszek Traczyk



PROSPECTUS OF DEKPOL S.A.

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### 1.1.3. Legal Advisor

Name (Company):	Kancelaria Radcy Prawnego Przemysław Budzyński
Headquarter:	Gdańsk
Address:	ul. Drzewieckiego 11a/2, 80-464 Gdańsk
Phone:	+48 58 782 49 62
Website:	www[.]krpbudzynski[.]pl
E-mail address:	k.woznica@krpbudzynski[.]pl

Legal advisor is responsible for information contained in the following sections of the Prospectus:

- Part II – Risk factors: Items 1.9 – 1.11; 2.10 – 2.11.
- Part III – Registration document: Items 4.1-4.4; 6; 9; 10; 11.4; 12; 13; 14.
- Part IV – Offering document: Items 3.1; 4.1-4.7; 4.12; 4.14-4.15.

The persons acting on behalf of the Legal Advisor:

- Attorney at law - Krzysztof Woźnica

#### **Declaration of responsibility of persons acting on behalf of the Legal Advisor**

I hereby declare that, to the best of my knowledge, the information contained in the above-mentioned parts of the Prospectus, for which takes responsibility Legal Advisor, is factually correct and that nothing has been omitted in the Prospectus that could affect its meaning.

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Attorney at law  
Krzysztof Woźnica





## 1.2. INFORMATION FROM THIRD PARTIES

In the Prospectus, the Issuer included information obtained from third parties. Sources of Information from third parties are:

- GUS Reports – in the field of macroeconomic data and in the field of construction market data;
- AXI IMMO Report „Polish Warehouse Market in the first half of 2020 "- in the field of information about the warehouse market in Poland;
- NBP Reports – Cyclical NBP analytical materials - in the field of housing transaction prices and macroeconomic data ([www\[.\]nbp\[.\]pl/home.aspx?f=/publikacje/rynek\\_nieruchomosci/index\\_pre.html](http://www[.]nbp[.]pl/home.aspx?f=/publikacje/rynek_nieruchomosci/index_pre.html));
- JLL reports "Housing market in Poland" - with regard to information on the housing market in Poland;
- The report "Is the housing market in Poland prepared for the effects of the pandemic?" Michael / Ström Dom Maklerski - in terms of characteristics of the Polish housing market and potential impact of coronavirus pandemic on the housing market in Poland.

The Issuer confirms that the above information has been accurately repeated and that, to the extent it is aware of and can judge it based on information published by third parties, no facts have been omitted that would make repeated information inaccurate or introduce in error.

## 1.3. ISSUER'S DECLARATIONS

The Issuer declares, that:

- Prospectus has been approved by the Polish Financial Supervision Authority being the competent authority in accordance with the Prospectus Regulation (Regulation EU 2017/1129);
- the Polish Financial Supervision Authority approves this Prospectus only as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation (Regulation EU 2017/1129);
- approval should neither be considered as approval of the Issuer, nor as approval of the quality of securities that are subject of this Prospectus.

The Issuer declares and points out that Investors should make their own assessment of adequacy of investing in Issuer's Bonds.



## 2. STATUTORY AUDITOR

### 2.1. NAMES AND SURNAMES (COMPANY'S NAMES) AND ADDRESSES OF STATUTORY AUDITORS OF THE ISSUER IN THE PERIOD COVERED BY HISTORICAL FINANCIAL INFORMATION (ALONG WITH INFORMATION ABOUT THEIR RELATION TO PROFESSIONAL ORGANIZATIONS).

The audit company selected for the audit of the Issuer's separate financial statement and consolidated financial statement of the Dekpol Capital Group for financial year 2018 was HLB M2 Audit PIE Sp. z o.o. with its registered office in Warszawa at ul. Rakowiecka 41/27, entered into the Register of Entrepreneurs of National Court Register maintained by the District Court for the Capital City of Warsaw, XIII Commercial Division of the National Court Register under number KRS 0000753977 and entered on the list of the National Chamber of Statutory Auditors under number 4123. The statutory auditor conducting the audit was Maciej Czapiewski, entered on the list of statutory auditors under number 10326. The audit firm was selected by Supervisory Board.

The above-mentioned entity was also selected to audit the Company's interim separate financial statement and the interim consolidated financial statement of the Dekpol Capital Group for the period from 1<sup>st</sup> of January to 30<sup>th</sup> of June 2018.

Agreement with the above-mentioned entity was concluded on 18<sup>th</sup> of August 2017 for the period necessary to perform activities being the subject of the agreement.

The audit company selected for the audit of the Issuer's separate financial statement and consolidated financial statement of the Dekpol Capital Group for financial year 2019 and financial year 2020 is REWIT Księgowi i Biegli Rewidenci Sp. z o.o. with its registered office in Gdańsk at ul. Starodworska 1, entered into the Register of Entrepreneurs of the National Court Register, maintained by the District Court Gdańsk-Północ in Gdańsk, 7th Commercial Division of the National Court Register under number KRS 00003104 and entered on the list of the National Chamber of Statutory Auditors under number 101. Piotr Andrzej Witek was the statutory auditor conducting the audit, entered on the list of statutory auditors under number 9631. The audit firm was selected by Supervisory Board as a result of the procedure specified in the Audit Firm Selection Procedure and in accordance with recommendation of the Audit Committee.

The above-mentioned entity was also selected to audit the Company's interim separate financial statement and the interim consolidated interim financial statement of the Dekpol Capital Group for the periods from 1<sup>st</sup> of January to 30<sup>th</sup> of June 2019 and from 1<sup>st</sup> of January to 30<sup>th</sup> of June 2020.

Apart from the above, the Company has not taken advantage of services of the above-mentioned audit firm.

Agreement with the above-mentioned entity was concluded on 16<sup>th</sup> of July 2019 for the period necessary to perform activities being the subject of agreement.



### 3. RISK FACTORS

Risk factors related to business activities of the Issuer and the Issuer's Group as well as environment in which the Issuer's Group operates are presented in Part II of the Prospectus - "Risk factors".

### 4. INFORMATION ABOUT THE ISSUER

#### 4.1. DATA ABOUT ISSUER

Name (Company):	Dekpol Spółka Akcyjna
Legal form	Spółka akcyjna
Country of establishment:	Polska
Registered office:	Pinczyn
Address:	ul. Gajowa 31, 83-251 Pinczyn
NIP number:	5922137980
REGON number:	220341682
Phone:	+48 58 560 10 60
Website address:	www[.]dekp[.]pl
E-mail address:	dekp[.]pl

The Issuer informs that the information posted on the Website does not constitute a part of Prospectus and has not been verified or approved by supervisory authority (Commission).

#### **The law under which the Issuer operates**

The Issuer operates pursuant to the provisions of the Commercial Companies Code and other provisions relating to company law, Company's Articles of Association and internal regulations.

Starting from 2015, the Issuer's shares are traded on the regulated market of the Warsaw Stock Exchange, and consequently the Issuer is subject to provisions on public companies, including provisions of the Act on Public Offering.

#### 4.2. PLACE OF REGISTRATION OF THE ISSUER, ITS REGISTRATION NUMBER AND LEGAL ENTITY IDENTIFIER ("LEI").

The issuer was entered into the Register of Entrepreneurs of National Court Register maintained by the District Court Gdańsk-North in Gdańsk, VII Commercial Division of the National Court Register under the number KRS 0000505979. The issuer was registered on 11<sup>th</sup> of April 2014.



Legal Entity Identifier („LEI”) of the Issuer is 259400GG96T088V4UG60.

### **4.3. DATE OF ESTABLISHMENT AND EXISTENCE OF THE ISSUER.**

The issuer was established as a result of transformation of Dekpol Spółka z ograniczoną odpowiedzialnością into Dekpol Spółka Akcyjna, pursuant to the resolution of the Extraordinary General Meeting of Shareholders of 1<sup>st</sup> of April 2014, recorded in the form of notarial deed of notary Janina Ciechanowska, repertory A No. 3829/2014.

On 11<sup>th</sup> of April 2014, District Court Gdańsk-North in Gdańsk, VII Commercial Division of the National Court Register, entered the Issuer into the Register of Entrepreneurs of the National Court Register under the number KRS 0000505979 as a joint stock company.

The issuer has been established for an indefinite period.

### **4.4. HISTORY AND DEVELOPMENT OF THE ISSUER**

The history of the Issuer dates back to 1993, when Mariusz Tuchlin started running a business under the name Zakład Blacharsko-Dekarski Mariusz Tuchlin. In 1999, the name was changed to Zakład Produkcyjno-Ustugowy "Dekpol" Mariusz Tuchlin.

On 18<sup>th</sup> of December 2006 was established the Company Dekpol Spółka z ograniczoną odpowiedzialnością, whose share capital in the total amount of PLN 6,200,000 was covered with a non-cash contribution in the form of an enterprise (as an organized group of tangible and intangible assets) of Zakład Produkcyjno-Ustugowy "DEKPOL" - Mariusz Tuchlin with a value of PLN 6,195,000 and in cash in the amount of PLN 5,000. Establishing, Dekpol Sp. z o.o. took over the property, as well as experience gained since 1993 and all contracts carried out at that time.

In 2007, the Issuer started operating on the property development market with commencement of sales of premises under residential investment entitled "Osiedle Słoneczne" in Gdańsk. In the same year, out of concern for the quality of services provided, the Issuer implemented the ISO 9001: 2008 Quality Management System and, after a positive assessment of the audit, obtained on 9<sup>th</sup> of August 2007 the ISO Quality Certificate issued by TÜV Rheinland Polska Sp. z o.o..

In May 2012, the Issuer opened a new, next segment of its business activities - production of accessories for construction machines (all types of backhoe and loader buckets), under the Dekpol Steel brand.

On 1<sup>st</sup> of April 2014 General Meeting of Shareholders of Dekpol Sp. z o.o. adopted resolution on transformation into a joint stock company under the name of Dekpol Spółka Akcyjna. The resolution was recorded in notarial deed of notary public Janina Ciechanowska, Repertory



## PROSPECTUS OF DEKPOL S.A.

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A No. 3829/2014; the transformed company was registered in the National Court Register on 11<sup>th</sup> of April 2014.

On 8<sup>th</sup> of January 2015, the Issuer debuted on the main market of the Warsaw Stock Exchange. Initially, the subject of introduction to exchange trading were rights to ordinary bearer B-series shares of the Issuer, and starting from 6<sup>th</sup> of February 2015, ordinary A-series and B-series shares of the Issuer are listed. The debut took place as a result of public offering of Issuer's shares, including B-series shares issued on the basis of resolution of the Issuer's General Meeting of Shareholders dated 30<sup>th</sup> of June 2014 on increasing Company's share capital.

Over years, the Issuer has become a member of organizations associating entrepreneurs from the given business segments. In 2014, the Issuer joined international association of Associated Equipment Distributors (AED), representing entrepreneurs producing industrial equipment used, among others in construction works, mining, energy and agriculture. In 2015, the Issuer joined the Polish Association of Developers, an organization supporting development of the property development market in Poland and associating real-estate development companies from all over the country.

In 2017, the Issuer achieved the highest annual share price increase (+ 254%) among all companies listed on the Warsaw Stock Exchange.

Due to the dynamic development of the business, the first acquisition by the Issuer of another entity took place at that time. In November 2017, the Issuer acquired majority stakes in Smartex, a limited liability company, with an attractive real estate property in Wrocław (referred to in item **Błąd! Nie można odnaleźć źródła odwołania.** of this Part of Prospectus). In 2018, the Issuer acquired, in two transactions, all shares in Nordic Milan Spółka z ograniczoną odpowiedzialnością, which is implementing a property development project in Milanówek.

In 2018, the Issuer celebrated its 25<sup>th</sup> anniversary, and the logo and trademark were also changed.

### **Changes in the Issuer's management principles**

In 2017, organizational structure and principles of conducting business activities were modified, aimed at ensuring functional and formal separation of individual segments of the Issuer's activity. First, a decision was made to implement real-estate development projects through special purpose vehicles established for individual investments.

The first special purpose vehicles established were Dekpol Inwestycje Spółka z ograniczoną odpowiedzialnością Rokitki Sp. k., Dekpol Inwestycje Sp. z oo Development Sp. k. and Dekpol Inwestycje Sp. z oo Na Fali Sp. k. (currently Dekpol Inwestycje Spółka z ograniczoną odpowiedzialnością Pastelowa Sp.k.), established on 21<sup>st</sup> of March 2017 and entered into the National Court Register on 30<sup>th</sup> of March, 31<sup>st</sup> of March and 4<sup>th</sup> of April 2017, respectively. Starting from 2018, activities related to reorganization of the Company and the Dekpol Capital Group were carried out, aimed at introducing a management system adapted to



increasing scale of the Company's operations and its individual segments, the expanded structure, as well as further development plans.

On 1<sup>st</sup> of January 2019, the first segment of the Company's business activities was separated, i.e. real-estate development activity, and it was transferred in the form of an organized part of the enterprise (ZCP) to a subsidiary, Dekpol Deweloper Sp. z o.o.

In 2019, work was carried out on separation of two further segments of the Company's business activities, i.e. the Bucket Production Department and General Contracting Department, and transferring them in the form of organized parts of the enterprise to subsidiaries, Dekpol Steel Sp. z o.o. and Dekpol Budownictwo Sp. z o.o. respectively.

Transfer of an organized part of the enterprise of the Company operating under the name of Buckets Production Department to Dekpol Steel Sp. z o.o. took place on 1<sup>st</sup> of January 2020 (an event after balance sheet date).

On 1<sup>st</sup> of January 2021, the organized part of the enterprise of the Company operating under the name of General Contracting Department was transferred to the subsidiary Dekpol Budownictwo Sp. z o.o.

#### **4.5. DETAILED INFORMATION ON ANY EVENTS DURING THE RECENT PERIOD RELATING TO THE ISSUER WHICH HAVE A SIGNIFICANT IMPORTANCE FOR ASSESSMENT OF ISSUER'S SOLVENCY.**

Subject to circumstances described in item 5.1.5 "The impact of the COVID-19 pandemic on business activities of the Dekpol Group" in Part III of the Prospectus - "Registration Document", recently there have been no events relating to the Issuer that have a significant impact on assessment of Issuer's solvency.

#### **4.6. CREDIT RATINGS WHICH WERE GRANTED TO THE ISSUER ON HIS REQUEST OR AT GRANTING OF WHICH THE ISSUER COOPERATED. SHORT EXPLANATION ABOUT THE MEANING OF RATINGS, IF PREVIOUSLY PUBLISHED BY IT WAS PREVIOUSLY PUBLISHED BY THE ENTITY GRANTING RATING.**

Neither the issuer nor the debt securities issued by it, were assigned any credit ratings.

#### **4.7. INFORMATION ON SIGNIFICANT CHANGES IN THE STRUCTURE OF CREDIT DEBT STRUCTURE AND FINANCING OF THE ISSUER FROM THE LAST FINANCIAL YEAR.**

The Issuer's Group finances its business activities by use of equity, funds obtained from issue of bonds, credits, loans, leasing, factoring and customer payments for apartments.



PROSPECTUS OF DEKPOL S.A.

The table below shows the main sources of financing for the Issuer's Group as at 31<sup>st</sup> of December 2018, 31<sup>st</sup> of December 2019, 30<sup>th</sup> of June 2020 and 30<sup>th</sup> of September 2020.

Balance (in thousands of PLN)	31.12.2018	structure	31.12.2019	structure	30.06.2020	structure	30.09.2020	structure
<b>Share capital</b>	<b>191 525</b>	<b>21,3%</b>	<b>242 314</b>	<b>25,4%</b>	<b>275 678</b>	<b>29,0%</b>	<b>286 827</b>	<b>32,5%</b>
<b>Long-term liabilities, including:</b>	<b>258 515</b>	<b>28,7%</b>	<b>197 100</b>	<b>20,6%</b>	<b>83 022</b>	<b>8,7%</b>	<b>109 806</b>	<b>12,4%</b>
Loans and borrowings	56 400	6,3%	11 387	1,2%	6 974	0,7%	40 207	4,6%
From issue of debt securities	157 596	17,5%	125 410	13,1%	21 500	2,3%	21 500	2,4%
Other financing (leasing)	7 662	0,9%	3 310	0,3%	2 719	0,3%	2 655	0,3%
<b>Short-term liabilities, including:</b>	<b>450 777</b>	<b>50,0%</b>	<b>515 567</b>	<b>54,0%</b>	<b>593 026</b>	<b>62,3%</b>	<b>485 719</b>	<b>55,0%</b>
Loans and borrowings	60 417	6,7%	111 848	11,7%	59 152	6,2%	37 055	4,2%
From issue of debt securities	0	0,0%	38 345	4,0%	126 880	13,3%	135 380	15,3%
Other financing (leasing)	8 456	0,9%	7 287	0,8%	5 500	0,6%	14 727	1,7%
Trade and other, including:	361 018	40,1%	339 747	35,6%	329 292	<b>34,6%</b>	257 352	29,2%
Prepayments and advance payments received for delivery	139 358	15,5%	197 651	20,7%	132 560	13,9%	102 641	11,6%
<b>Liabilities in total</b>	<b>900 817</b>	<b>100,0%</b>	<b>954 981</b>	<b>100,0%</b>	<b>951 726</b>	<b>100,0%</b>	<b>882 352</b>	<b>100,0%</b>
Net debt	224 574		181 819		119 188		130 316	
Net debt/Share capital	1,17		0,75		0,43		0,45	

Source: Issuer

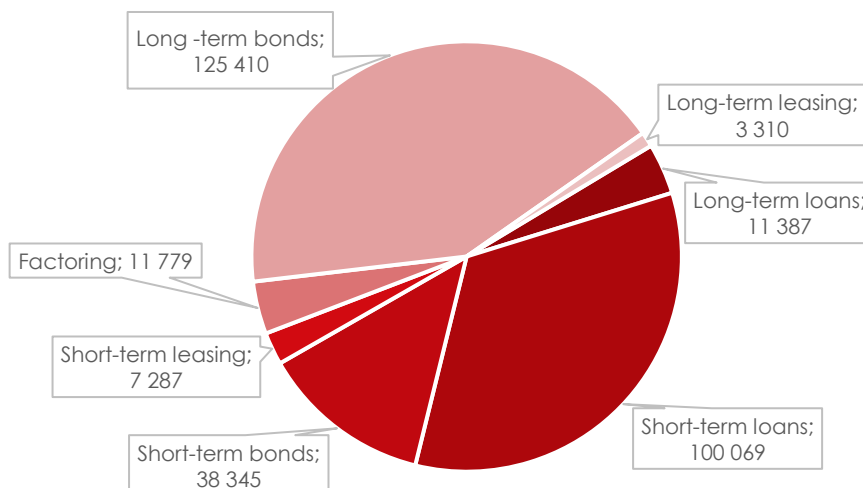
As at the balance sheet date i.e. 31<sup>st</sup> of December 2019, there were seven series of Group's bonds with a total nominal value of over PLN 163.7 million, of which PLN 133.7 million was issued by Dekpol SA, and the remaining PLN 30 million by a company from the Issuer's Group - Dekpol Developer sp. z o. o.

The Group is financed by use of bank loans (granted by, among others, SGB, ING, BNP Paribas, BOŚ Bank, Santander, mBank), the total balance of which as at 31<sup>st</sup> of December 2019 reached PLN 111.5 million. Credit obligations of Dekpol S.A. amounted to PLN 96.4 million, and the credit obligations of other entities from the Issuer's Group amounted to PLN 15.1 million.

In addition, the Group finances itself through factoring (PLN 11.8 million as at 31<sup>st</sup> of December 2019) and leasing (PLN 10.6 million). At the end of 2019, the Group had PLN 197.7 million in prepayments for apartments from clients.



**Debt structure as at 31.12.2019 (in thousands of PLN)**



Source: Issuer

As at 30.06.2020 the Group issued 5 series of Bonds of a total value of PLN 148,4 million, from which PLN 118,4 million were issued by Dekpol S.A., and remaining PLN 30 million by the Company from the Issuer's Group - Dekpol Developer sp. z o.o.

The Group is financed by use of bank loans (granted by, among others, SGB, ING, BNP Paribas, BOŚ Bank, Santander, mBank), the total balance of which as at 30/06/2020 was PLN 55.8 million. Loan obligations of Dekpol S.A. amounted to PLN 40.6 million, and the loan obligations of other entities from the Issuer's Group amounted to PLN 15.2 million.

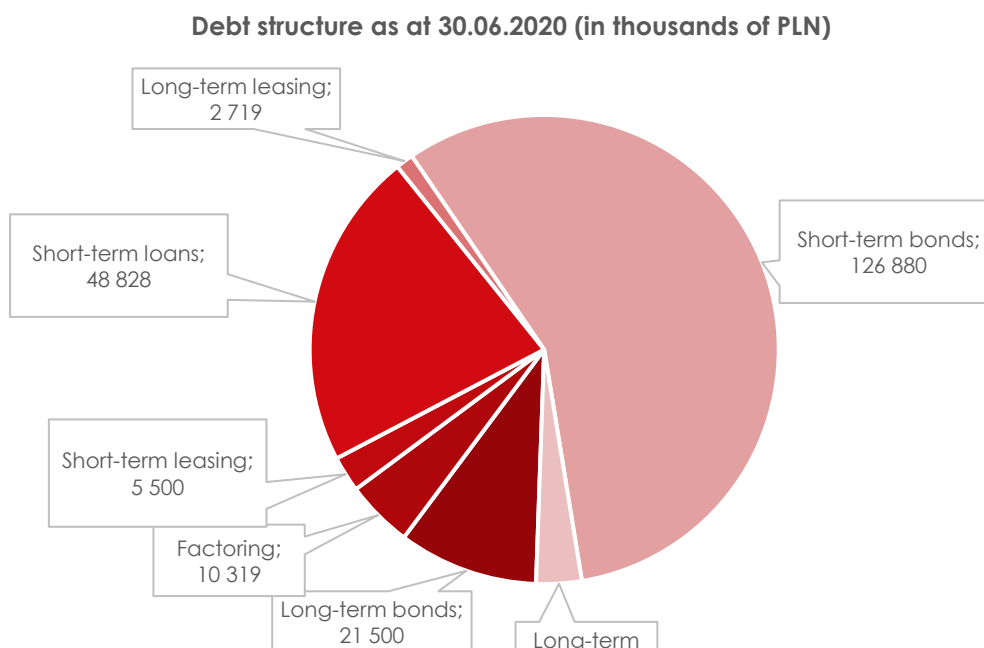
In addition, the Group finances itself through factoring (PLN 10.3 million as at 30<sup>th</sup> of June 2020) and leasing (PLN 8.2 million). At the end of June 2020, the Group had PLN 132.6 million in prepayments for apartments from customers.

Compared to 31<sup>st</sup> of December 2019, gross financial liabilities decreased by PLN 74.9 million and amounted to PLN 222.7 million as at 30<sup>th</sup> of June 2020. After taking into account cash, net debt amounted to PLN 119.2 million (as at 30<sup>th</sup> of June 2020) and was lower by PLN 62.6 million compared to the end of 2019. The value of net debt was at the lowest level since the end of 2016.





## PROSPECTUS OF DEKPOL S.A.



Source: Issuer

As at 30<sup>th</sup> of September 2020, the share of equity in the structure of Issuer's liabilities was the level of 32.5% and was higher by 7.1 pp. compared to 31<sup>st</sup> of December 2019. Explanation for increase in share of equity in financing of the Issuer's business operations is:

- increase in equity by PLN 44.5 million as a result of positive net profit in 1-3Q 2020;
- decrease in balance of loans by PLN 46.3 million as a result of repayment of some loans;
- decrease in balance of bonds by PLN 15.4 million as a result of repayment of a part of bonds;
- increase in balance of leasing (other financial liabilities) by PLN 6.8 million as a result of an increase in balance of leasing;
- decrease in balance of trade liabilities by PLN 82.4 million, mainly due to a decrease in balance of customer payments for apartments under construction (PLN -95 million), which is related to handover of premises to buyers in completed investments in Q1-3 2020;

The Issuer would like to admit that increase in share of equity in financing of Issuer's business operations has been observed since the end of 2018. The Issuer does not exclude fluctuations in the ratio in subsequent quarterly periods, which is related to development of the Group's business operations.

As at the balance sheet date, i.e., 30<sup>th</sup> of September 2020, there were five series of Group's bonds with a total nominal value of over PLN 156.9 million, of which PLN 126.9 million was issued by Dekpol SA, and the remaining PLN 30 million by a company from the Issuer's Group - Dekpol Deweloper Sp. z o.o. In Q1 2020, the Group repaid F3 and F4-series of bonds in the amount of PLN 6.9 million.

The Group is financed by use of bank loans (granted by, among others, SGB, PKO BP S.A., mBank, Santander, ING, Alior Bank), the total balance of which as at 30/09/2020 amounts

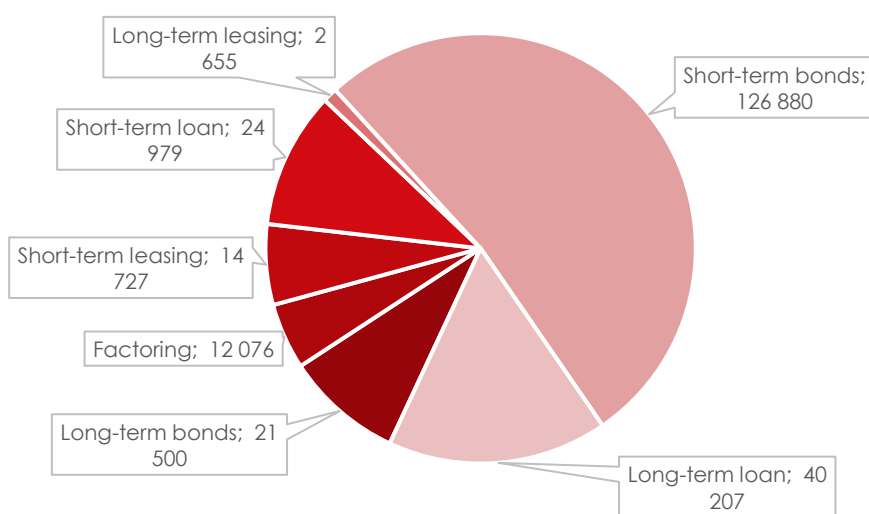


## PROSPECTUS OF DEKPOL S.A.

PLN 72.4 million. Loan obligations of Dekpol S.A. amount to PLN 69.1 million, and the loans obligations of other entities from the Issuer's Group amount to PLN 3.3 million.

In addition, the Group finances itself through factoring (PLN 12.1 million as at 30<sup>th</sup> of September 2020) and leasing (PLN 17.4 million). At the end of September 2020, the Group had PLN 102.6 million in prepayments for apartments from customers. A significant decrease in prepayments in Q1-3 2020 was caused by completion of real-estate development investments and delivery of completed apartments to buyers.

### Debt structure as at 30.09.2020 (in thousands of PLN)



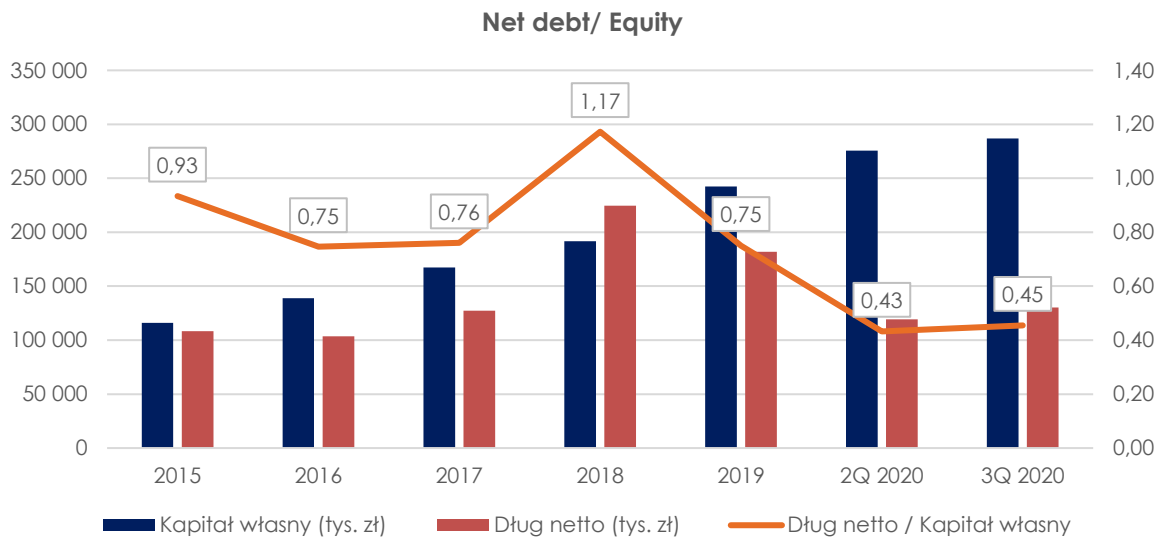
Source: Issuer

Historically, the Dekpol Group was characterized by an increased level of indebtedness, which was related to rapid development of the Group carried out basically in every segment of its business activities. It was connected with high investment expenditures and increased demand for working capital. In recent quarters, positive effects of these investments can be observed, visible in high cash flows from operating activities (PLN 73.5 million in Q1-3 2020) and falling debt. In recent quarters, the Dekpol Group has significantly reduced the level of net debt, both in absolute terms (PLN 225 million as at 31/12/2018 to PLN 130 million as at 30/09/2020) and in terms of indicators:

- Net debt ratio / Equity fell from the level of 1,17 as at 31.12.2018 to 0,45 as at 30.09.2020.
- Net debt ratio / EBITDA LTM fell from the level of 3,73 as at 31.12.2018 to 1,18 as at 30.09.2020.



PROSPECTUS OF DEKPOL S.A.



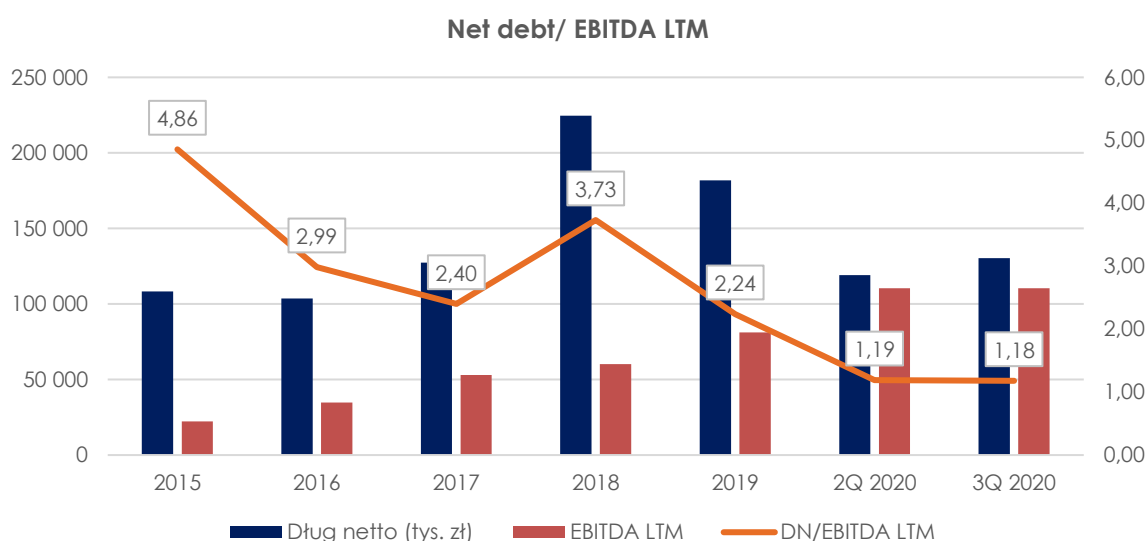
Source: Issuer

Decrease in the value of net debt / equity ratio since the end of 2018 is related to an increase in equity by PLN 50.8 million in 2019 and by PLN 44.5 million in Q1-3 2020. The Group did not pay dividends in this period which helped to maintain a high value of equity. At the same time, the Group reduced its net debt from the end of 2018, of which decrease in 2019 amounted to PLN 42.8 million and was mainly related to increase in cash balance as a result of inflow of receivables from performance of contracts in general contracting segment. In Q1-3 2020, decline in net debt balance was mainly related to decline in the balance of loans and bonds.

The above also affects the value of the net debt / EBITDA LTM ratio, where the second component is EBITDA result. As a result of systematic development, the Group achieves better and better operating results: in 2018, EBITDA result amounted to PLN 60.2 million, in 2019 - PLN 81.2 million, and in the last 12 months ended in Q3 2020 (Q4 2019 - Q3 2020) EBITDA result amounted to PLN 110.5 million. The above has an impact on decrease in the value of net debt / EBITDA ratio from the end of 2018.



## PROSPECTUS OF DEKPOL S.A.



Source: Issuer

As a part of liquidity management, the Dekpol Group, as at 30/09/2020, obtained loans from SGB bank with a total limit up to PLN 45 million, a loan from PKO BP SA up to PLN 30 million, loan from Alior Bank up to PLN 30 million, which are secured by BGK guarantee.

While describing in this point (and in other parts of the Prospectus) financial situation, the Issuer used alternative performance measures providing additional information on financial position of the Issuer, presenting relevant explanations and reasons for their use so that Investors could understand their usefulness and reliability (ESMA guidelines "Alternative Performance Measurements APM) "- 05/10/2015 ESMA / 2015 / 1415pl). These include the following:

- net debt / equity - ratio of net debt (interest-bearing financial liabilities (credits, loans, debt securities, finance lease) minus cash and cash equivalents) to equity,
- net debt / EBITDA LTM - ratio of net debt (interest-bearing financial liabilities (loans, borrowings, debt securities, finance lease) minus cash and cash equivalents) to EBITDA (operating result increased by depreciation) in the last twelve months (LTM),
- EBIT – operating result / operating result shown in financial statement,
- EBIT margin (operating margin) – operating result to sales revenue ratio,
- Gross margin on sales - relation of gross result on sales disclosed in financial statement to sales revenues;

These ratios were calculated by the Issuer on the basis of data from Financial Statement of individual companies and were not audited by a statutory auditor.

The Issuer presents selected APM measures because they provide useful information for potential bond buyers, which will allow comprehensively to assess the Issuer's financial situation.



PROSPECTUS OF DEKPOL S.A.

In addition, the Issuer points out that the above-mentioned alternative performance measurements should not be given more importance or influence than direct measurements resulting from Financial Statement.

On 5<sup>th</sup> of November 2020, the Issuer issued 3-years I-series bonds with a value of PLN 50 million. On 8<sup>th</sup> of November 2020, the Issuer made obligatory depreciation of G- and H-series bonds. On 22<sup>nd</sup> of December 2020, the Issuer issued 3,5-years J-series bonds with a value of PLN 11 million. On 1<sup>st</sup> of February 2021, Dekpol Deweloper issued 3,5-years B-series bonds with a value of PLN 10 million. On 23<sup>rd</sup> of February 2021, the Issuer issued 3,5-years K-series bonds with a value of PLN 21.5 million. On 8<sup>th</sup> of March 2021, the Issuer made a mandatory redemption of G- and H-series bonds.

Detailed information on bonds issued by the Issuer's Group as at Prospectus Date is presented below:

Serie s	Nominal value (in thousands of PLN)	Type of offer	Number of investors	Issue date	Maturity date	Interests	Trading market	Redemption (in thousands of PLN)	Mortgage collateral
DA	15 000	private	1	18.07.2017	30.04.2021	N/A	Non-traded	0,00	YES
DB	20 000	private	1	04.10.2017	30.04.2021	N/A	Non-traded	0,00	YES
A	30 000	private	1	19.06.2019	19.12.2020 (8,5 millions of PLN) 19.06.2022 (21,5 millions of PLN)	N/A	Non-traded	8 500 0,00	NO
I	50 000	public	Up to 149	05.11.2020	28.10.2023	WIBOR 6M + 4,90	Catalyst	0,00	YES
J	11 000	public	190	22.12.2020	22.06.2024	WIBOR 6M + 5,40	Catalyst	0,00	NO
K	21 500	public	Up to 149	23.02.2021	23.08.2024	WIBOR 6M + 5,30	Catalyst	0,00	NO
B	10 000	public	Up to 149	01.02.2021	01.08.2024	WIBOR 3M + margin	Non-traded	0,0	NO
L	17 650	public	Up to 149	30.03.2021	23.08.2024	WIBOR 6M + 5,30	Catalyst	0,00	NO

Source: Issuer

The above bonds issues were made by Dekpol S.A., with exception of A- and B-series of issues, which were issued by Dekpol Deweloper sp.z o.o.

Issues of DA-, DB-, A-series bonds followed in accordance with Art. 33 points 2 of the Act on Bonds.

Issues of I-, K- and B-series of bonds were carried out in the form of a public offering within the meaning of Prospectus Regulation, and, pursuant to Art. 1 clause 4 lit. b of this Regulation, did not require preparation of a prospectus or information memorandum.

Issue of J-series bonds followed in accordance with procedure specified in Art. 33 point 1 of the Act on Bonds, pursuant to Art. 37b paragraph 1 of the Act on Offering, without drawing up a prospectus, on the basis of an information memorandum.



Issue of L-series bonds was conducted in the form of a public offering in accordance with Art. 33 point 1 of the Act of 15<sup>th</sup> of January 2015 on Bonds, in a manner that requires preparation of information memorandum referred to in Art. 38b of Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies dated July 29<sup>th</sup> 2005, with the provision, that pursuant to Art. 31zb of the Act of 2 March 2020 on special solutions related to preventing, counteracting and combating COVID-19, other infectious diseases and emergencies caused by them, the requirement to approve the above-mentioned memorandum by the Polish Financial Supervision Authority.

DA-, DB- and I-series bonds issues are secured by mortgage. The A-series issue is secured with sureties granted by Dekpol S.A., Dekpol Steel Sp. z o.o. and Dekpol Budownictwo Sp. z o.o.. The B-series bonds issue is secured by a surety granted by Dekpol S.A.

#### **4.8. DESCRIPTION OF PROJECTED FINANCING OF THE ISSUER'S BUSINESS ACTIVITIES.**

The Issuer monitors financial and capital market on an ongoing basis. The Issuer intends to finance its business operations with various sources of debt financing and with equity. The Issuer will make a decision on selection of a specific financial product based on current financial needs of the Issuer and offered parameters of various sources of financing.

The Issuer does not intend to change sources of financing its business activities as compared to situation presented in 4.7 part III of the Prospectus - "Registration Document". Typing structure of debt should not undergo significant changes as compared to the situation presented in point 4.7 part III of the Prospectus - "Registration Document".

On the basis of the Prospectus, the Issuer will be able to issue Bonds up to amount of PLN 150 million. The pace of obtaining funds from bond issue will depend on the Company's current financial needs.

## **5. GENERAL OVERVIEW OF BUSINESS ACTIVITIES**

### **5.1. BASIC BUSINESS ACTIVITIES**

Dekpol Capital Group conducts operational activities in three areas:

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



### 5.1.1. General Contracting Services

Basic business activity of the Issuer is general contracting in the field of cubature construction - industrial, logistics and warehouse, commercial and service facilities with external infrastructure. From 01/01/2021, the segment of general contracting activities was separated to the company Dekpol Budownictwo sp.z o.o.

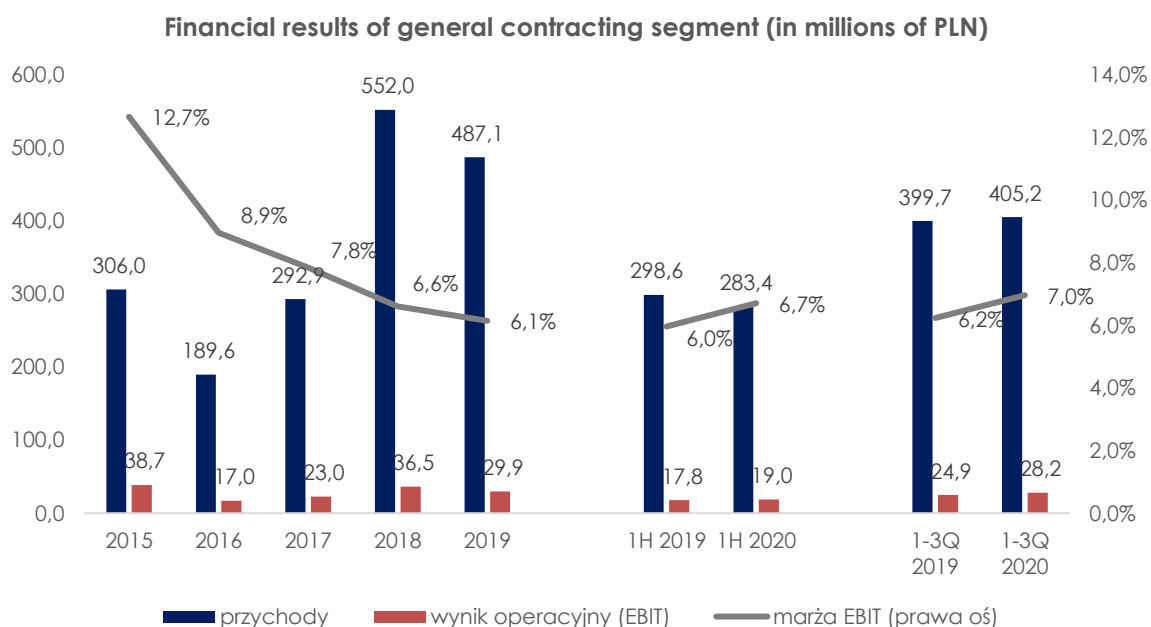


Currently implemented projects are commissioned by private investors, and there are no long-term infrastructure projects in ordering portfolio. Most of contracts are short-term (the lead time for basic works is 6-8 months). The margin on general contracting contracts is on average in the range of 6% - 8%.

Historically, the Issuer has cooperated, inter alia, with such entities as: IKEA, 7R LOGISTIC, Panattoni Europe, Iglotex, Michelin, Trefl, Leroy Meriln, Carrefour, Atrium, Jula, Paktainer, Synektik, Oceanic, Graal.

Total value of projects carried out by Dekpol S.A. as a part general contracting services reached until 31<sup>st</sup> of December 2020 over PLN 2.7 billion.

Level of sales revenues, operating result (EBIT) and EBIT margin of general contracting segment over the years 2015-2020 are presented below.



Source: Issuer

Over the last 5 years, there has been a significant increase in development of Company's business operations in general contracting segment. The value of revenues from sales in this segment in 2015 amounted to PLN 306 million, in order to increase in 2018 to over PLN 550



## PROSPECTUS OF DEKPOL S.A.

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million. The year 2019 brought a decrease in revenues by over 10%, to PLN 487.1 million. Operating result of this segment in 2019 amounted to nearly PLN 30 million, which gave an EBIT margin of 6.1%. Compression of margins in this segment is visible at the level of recent years and is associated with an increase in the scale of business operations, a change in characteristics of implemented projects (which are much higher in value and repeatable), increased competition in the industry and Issuer's willingness to acquire new potential clients. After the first half of 2020, the Company achieved PLN 283.4 million in revenues (-5% y / y) and PLN 19 million in EBIT (+ 6.7% y / y). Compared to the previous period, operating margin improved to 6.7%. After three quarters of 2020, the Company achieved PLN 405.2 million in revenues (+ 1.4% y / y) and PLN 28.2 million in EBIT (+ 13.3% y / y). Compared to the previous period, operating margin improved to 7.0%.

At the end of December 2020, the Group was implementing contracts with a total value of nearly PLN 900 million net, of which projects with a value of about PLN 365 million net remained to be implemented after reporting period (Group estimates - data will be verified in statement for 2020). The Issuer reserves however, that the above-mentioned values also include the value of Works 2 indicated in agreement with Karuzela Kołobrzeg sp.z o.o. from 20<sup>th</sup> of January 2020, perspective of which as at Prospectus date is not clear - see "Agreement with Karuzela Kołobrzeg Spółką z ograniczoną odpowiedzialnością from 20<sup>th</sup> of January 2020" in point 13.1. Part III of the Prospectus. The appropriate value to be implemented after reporting period, excluding the value of Works 2, amounts approximately PLN 290 million). Nevertheless, projects acquired in 2020 create - in part of their value - revenues of financial year 2021.

In addition, at the turn of 2020 and 2021, were proceeded negotiations and agreements for new investments with a total value of approx. PLN 250 million net, which will be implemented in future periods. In addition, Dekpol implements intra-group real-estate development projects with a total contractual value of over PLN 130 million, of which less than PLN 70 million net remains to be implemented after 31<sup>st</sup> of December 2020.

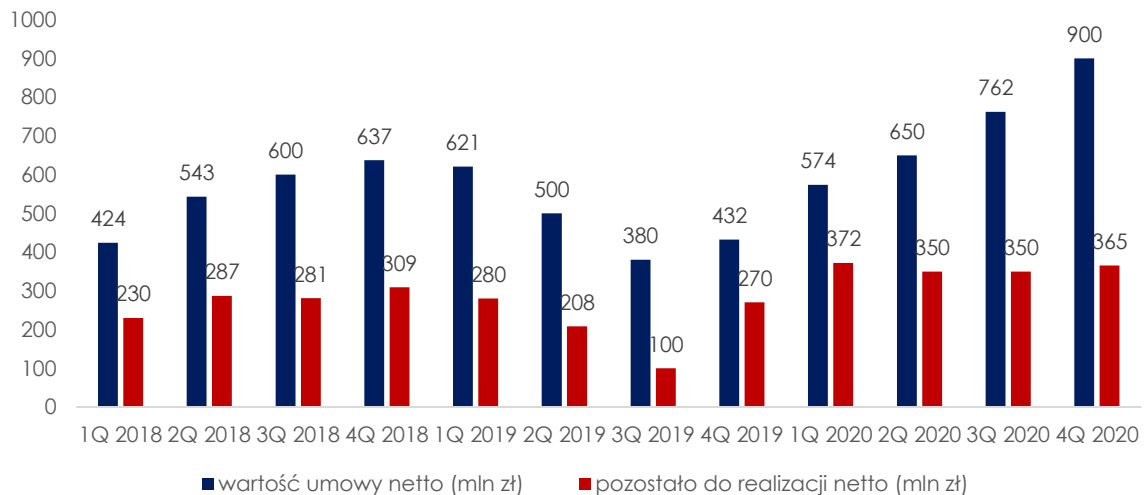
In Q1 2020, the Group signed new contracts worth PLN 42 million, in Q2 2020 with a value of PLN 133 million, and in Q3 2020, PLN 149 million, respectively, while in Q4 - PLN 170 million.





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**Value of ordering portfolio- general contracting segment  
(in millions of PLN)**



Source: Issuer

**Strategy of general contracting segment**

Short-term strategy of Dekpol Budownictwo Sp. z o.o. assumes organic development of the enterprise, with assumption that it will be reflected in increase of financial results. One of priorities is to base further development of its core business on acquisition of new sales markets, selection of ordering portfolio and maintaining of a cost discipline. Dekpol Budownictwo Sp. z o.o. focuses on short-term contracts with completion date not exceeding 8 months. When performing this type of contracts, the risk of unfavorable changes in prices of materials and labor costs is limited. The company always keeps customer relations and development of human resources first. In addition, when applying for this type of contracts, the Issuer competes with a limited number of entities specialized in industrial and logistics construction, also experiencing limited competition from the largest general contractors such as Budimex, Skanska, who focus on large, long-term construction works, including largely of a public nature.

Dekpol Budownictwo Sp. z o.o. has its own park of 100 heavy construction machines with operators, assembly teams and over 120 experienced engineers working directly on projects. Within the Capital Group, reinforced concrete and steel prefabricates are delivered to construction sites from its own production plants. Thanks to this, the company perfectly knows specifics and characteristics of approximately 60% -70% of costs of individual projects, dominating negotiations with contractors. Installation works (electrical, ventilation, etc.) are performed by a wide group of subcontractors who have been working with the Company for many years, while new ones are constantly acquired.

Company's strength is based on ability for adoption of its offer to the current market situation, thanks to a wide range of diverse projects, ranging from logistics and industrial facilities, through car showrooms, shopping malls, retail parks, passenger service areas at roads, hotels,



## PROSPECTUS OF DEKPOL S.A.

residential buildings, office buildings, and ending on hydrotechnical, dock, rail and road objects.

The company constantly looks for optimization in control of its own processes, constantly striving to ensure intra-organizational excellence. Hence, for example, implementation of modern IT solutions. The leading project is for example avantgarde method of adoption of the ERP system for construction sites, which in its advanced form is to be delivered to construction sites of Dekpol Budownictwo Sp. z o.o. in the second half of 2021, enabling controlling of projects.

The main area of business activity remains the Pomeranian Voivodeship, however, the Company operates throughout the country, acquiring projects implemented in other regions of the country, including in the following voivodeships: Lubelskie, Podkarpackie, Dolnośląskie, Mazowieckie, Zachodniopomorskie, Warmińsko-Mazurskie.

The value of contracts performed by the Company ranges from a few to over PLN 140 million. The largest percentage are contracts with a value ranging from PLN 15 to 40 million, which the Company performs over a dozen during the year.

Since 2018, the share of logistics, warehouse and industrial projects has increased significantly. The company intends to further develop its presence on this market segment, directing its attention to new markets in geographical terms and to new developers of warehouse spaces, despite the fact that the Company already cooperates with two leaders in this segment, namely Panattoni and 7R. Acquisition of new projects is also strongly focused on industrial investors implementing new projects directly and through developers in the BTS / BTO system.

Issuer's Group cooperates with a group of investors for whom implements new projects. Contractors decide to cooperate with the company Dekpol Budownictwo Sp. z o.o. guided by trust to this general contractor and taking into account his professionalism and timeliness in implementation of the entrusted task.

### Current realizations

Selected contracts performed by Issuer's Group as at 31<sup>st</sup> of December 2020 in the field of general contracting are presented in the table below:

Ordering party	Description of a project
<b>GRUPA 7R</b>	Warehouse in Swaróżyn in Municipality Tczew
<b>IGLOTEX</b>	Storage-Service Hall with office building in Skórcz
<b>GRUPA PANATTONI</b>	Warehouse in Rumia
<b>GRUPA PANATTONI</b>	Warehouse in Pruszcz Gdański



## PROSPECTUS OF DEKPOL S.A.

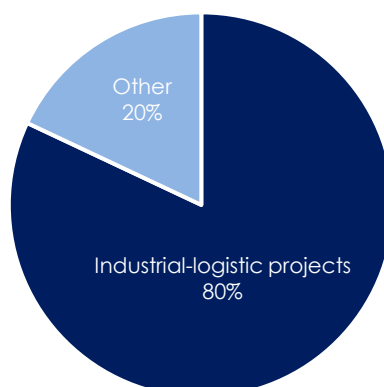
<b>GRUPA PANATTONI</b>	Warehouse in Jawczyce in Municipality Ożarów Mazowiecki
<b>GRUPA 7R</b>	Warehouse in Kowale in district of Gdańsk
<b>GRUPA 7R</b>	Warehouse in Warszawa
<b>INTER METAL</b>	Production- Warehouse in Inowrocław
<b>GRUPA PANATTONI</b>	Warehouse in Świdnik
<b>DELTA INVEST</b>	Car salon in Warszawa
<b>KARUZELA KOŁOBRZEG</b>	Shopping Mall in Kołobrzeg
<b>RTE POLAND</b>	Construction on bike factory in Machnacz
<b>GRUPA PANATTONI</b>	Construction of a warehouse and production building with office and social rooms and accompanying infrastructure in Grodzisk Mazowiecki

Source: Issuer

Majority of contracts carried out by the Company are worth PLN 10 to 40 million. The company also implements single larger contracts with a value of approx. PLN 70-140 million (as at 31<sup>st</sup> of December 2020, the Group implemented 4 such a contracts).

The dominant share in the portfolio of orders are industrial and logistics projects - in recent years, approx. 70% -90%. As at 31<sup>st</sup> of December 2020, share of industrial and logistics projects in the entire order portfolio was approx. 80%.

### Structure of general contracting projects as at 31.12.2020



Source: Issuer

Due to the focus of the Issuer on implementation of contracts lasting several months, relation of the order portfolio value to achieved annual revenues is relatively low compared to



PROSPECTUS OF DEKPOL S.A.

relation observed in other entities from the general contracting sector, specializing in long-term contracts.

Selected projects



**IKEA**

Lokalizacja: Gdańsk  
Inwestor: IKEA Property Poland Sp. z o.o.  
Czas realizacji: 03.2008-06.2010

**Obiekty użyteczności publicznej**



**LPP S.A.**

Pruszcz Gdański  
Inwestor: LPP S.A.  
Czas realizacji: 07.2018 - 08.2019

**Obiekty przemysłowe**



**PANATTONI Europe Sp. z o.o.**

Lokalizacja: Grudziądz  
Inwestor: PANATTONI Europe Sp. z o.o. Grudziądz  
Czas realizacji: 2019

**Obiekty przemysłowe**



**REMONTOWA SHIPBUILDING**

Lokalizacja: Gdańsk  
Inwestor: REMONTOWA SHIPBUILDING S.A.  
Czas realizacji: 10.2011-06.2012

**Hydrotechnika**



**7R LOGISTIC**

Lokalizacja: Gdańsk Kowale  
Inwestor: 7R Logistic S.A.  
Czas realizacji: 08.2015-08.2016

**Obiekty przemysłowe**



**CREATON / ETEX**

Lokalizacja: Widziszewo, gm. Kościan  
Inwestor: Etex Building Materials Polska Sp. z o.o., Olkusz  
Czas realizacji: 04.2011-06.2012

**Obiekty przemysłowe**



**PANLINK**

Lokalizacja: Tczew Rokitki  
Inwestor: PanLink Sp. z o.o.  
Czas realizacji: 06.2014-06.2015

**Obiekty przemysłowe**



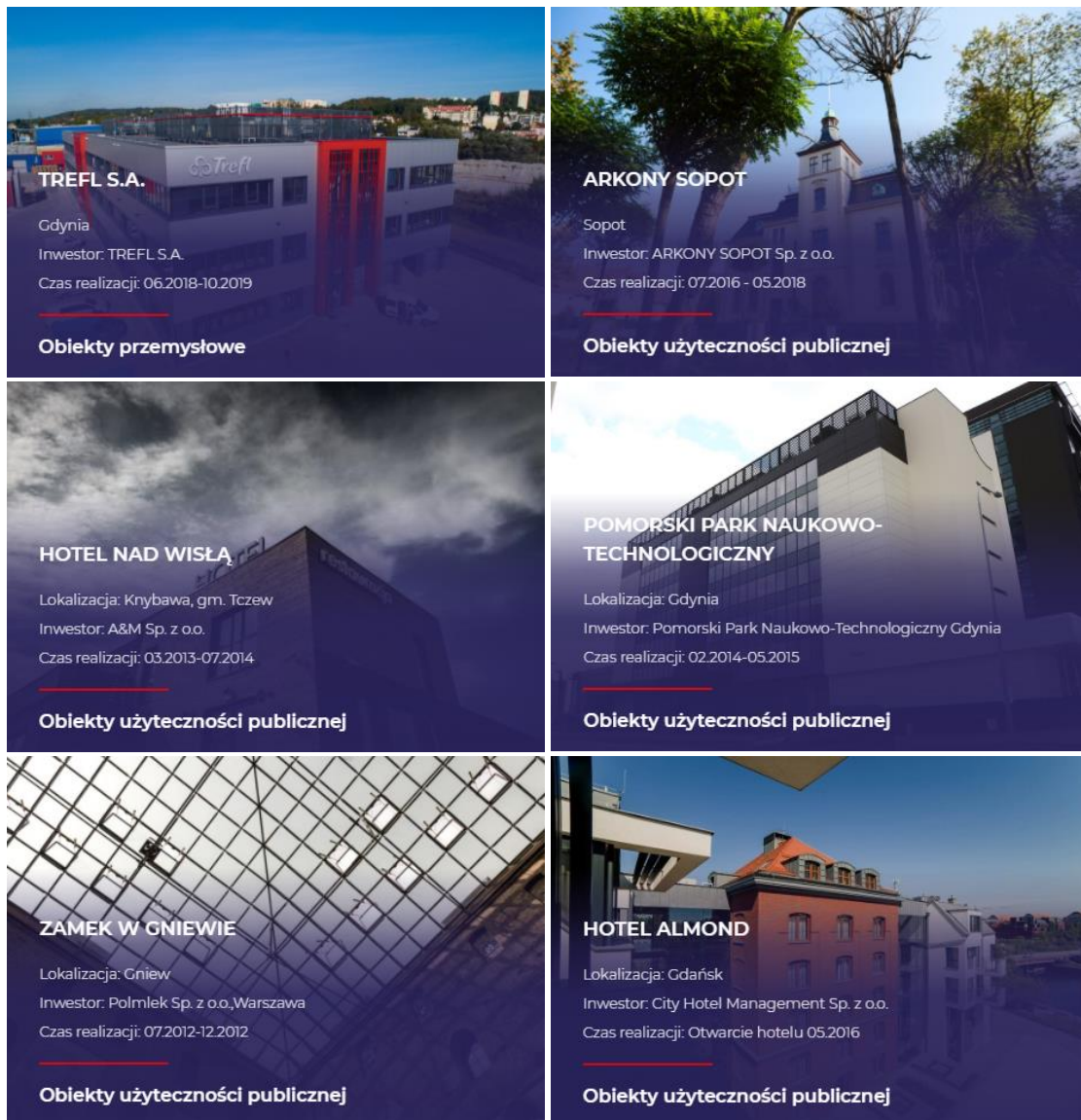
**AGRII**

Aleksandrów Kujawski  
Inwestor: Agrii Polska  
Czas realizacji: 2018

**Obiekty przemysłowe**



## PROSPECTUS OF DEKPOL S.A.



### 5.1.2. Real-estate development segment

The issuer has been conducting real-estate development activities since 2007. Since then, it has been gradually implementing its own housing projects in Northern Poland, mainly in Gdańsk. From 01/01/2019, real-estate development segment was separated to the company Dekpol Deweloper sp. z o.o., under which there are design companies implementing real-estate development investments.



So far, the Group performed over 25 construction investments consisting of approx. 3 thousands of sq m of premises. As at 31<sup>st</sup> of December 2020, the Group was under construction of 5 real-estate development investments with 469 apartments in Gdańsk,



## PROSPECTUS OF DEKPOL S.A.

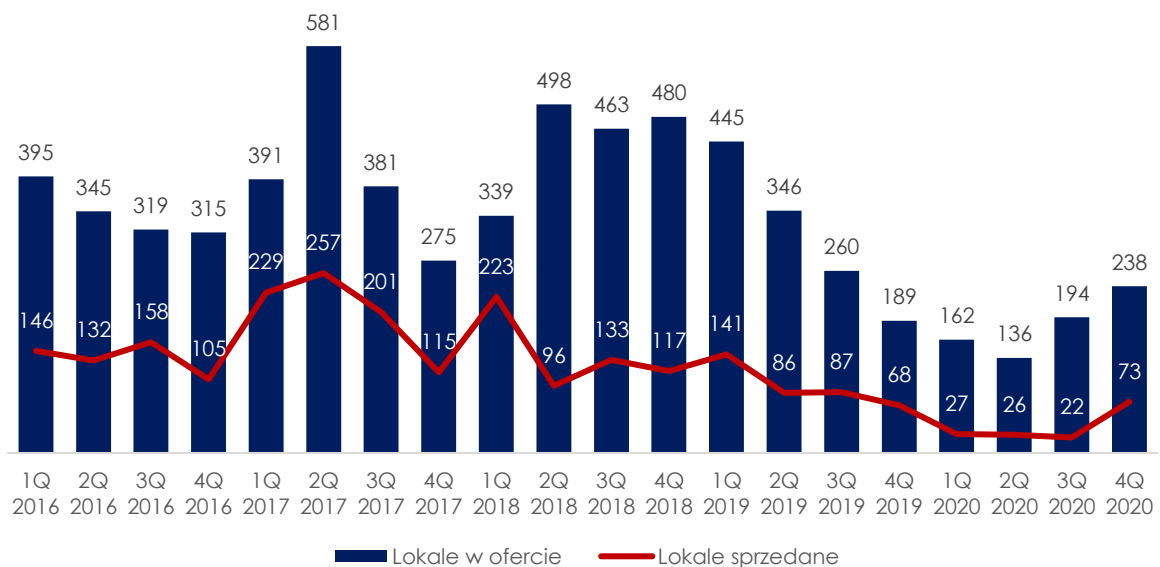
Wiślinka and Rokitki near Tczew (Tricity agglomeration). In addition, the Group owns land properties for new investments in Gdańsk and the vicinity of Gdańsk, in Warsaw and in Wrocław.

In addition to standard residential premises in popular locations (including Osiedle Pastelowe in Gdańsk), the company also implements high-standard projects in Wiślinka and on Sobieszewska Island in the TriCity agglomeration.

The offer of residential premises is complemented by hotel apartments, which allows to reach a different group of customers who treat properties as an investment product.

The issuer owns the bank of land until 2025 with a total usable area of 224 thousands of square meters, of which approx. 77 thousands of m<sup>2</sup> is the usable area in premium projects. About 82% of the land bank has already been paid.

### Quarterly contracting and offer



Source: Issuer

The Group's sales results are the result of the size of the offer and the launch of new projects for sales. In recent years, the best sales year was 2017, when the Group sold 802 apartments. This year was also the best sales year in the history of the Polish real-estate development market. In 2018, the Group recorded sales of 569 apartments. The following quarters of 2019 were characterized by shrinking offer of the Group, which was caused by lack of significant introductions of new projects for sale. Total sales for 2019 amounted 382 apartments. In 2020, the Group completed sales of 148 apartments, of which nearly half (73 apartments) were sold in Q4 2020. The COVID-19 pandemic also had a negative impact on sales result in 2020.

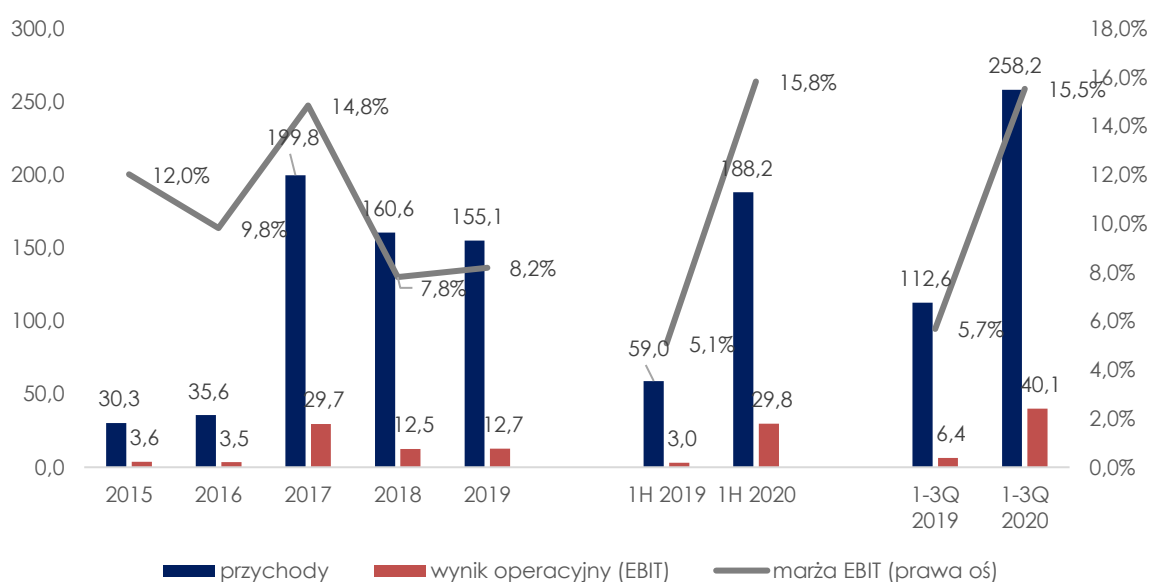


## PROSPECTUS OF DEKPOL S.A.

At the same time, the Issuer informs that the Group's intention in the real-estate development segment is to achieve revenues of PLN 210 million in 2021, which will include, in particular, sales of 300 apartments recognized in financial result and income from investment referred to in current report No. 26 / 2020 dated 1<sup>st</sup> of October 2020. The target for 2021 with regard to sales of apartments under reservation, real-estate development and preliminary agreements amounts 350 apartments.

Management Board of the Issuer reserves however, that none of the above statements referring to the future may be understood or interpreted as granting any guarantee or assurance by the Company or entities belonging to the Capital Group that such events will occur and that sales targets specified above will be achieved.

**Financial results of real-estate development segment (in millions of PLN)**



Source: Issuer

Starting from 2017, the value of sales revenues in real-estate development segment within the Group increased significantly, reaching nearly PLN 200 million. During this period, the Group recognized 573 premises in revenues. Segment's operating result amounted to nearly PLN 30 million. In the next two years, segment's revenues amounted to PLN 160.6 million and PLN 155.1 million, respectively, generating approximately PLN 12.5 million in EBIT. In 2018 591 apartments and in 2019 490 apartments were recognized in revenues. 2019 was characterized by an increase in share of sales of projects of higher prestige and standard addressed to more demanding customers. The average value of premises increased by over 20% y / y. In 2019, the Company managed to handover for use four investments: Młoda Morena, Młoda Morena Park II, Nowe Rokitki Park II and Eco Milan.

In sales revenues of real-estate development segment in the first half of 2020 was recognized sales of 437. For comparison, in the same period of the previous year, there were 209 apartments recognized. In the first half of 2020, three investments were handed over: Foresta



PROSPECTUS OF DEKPOL S.A.

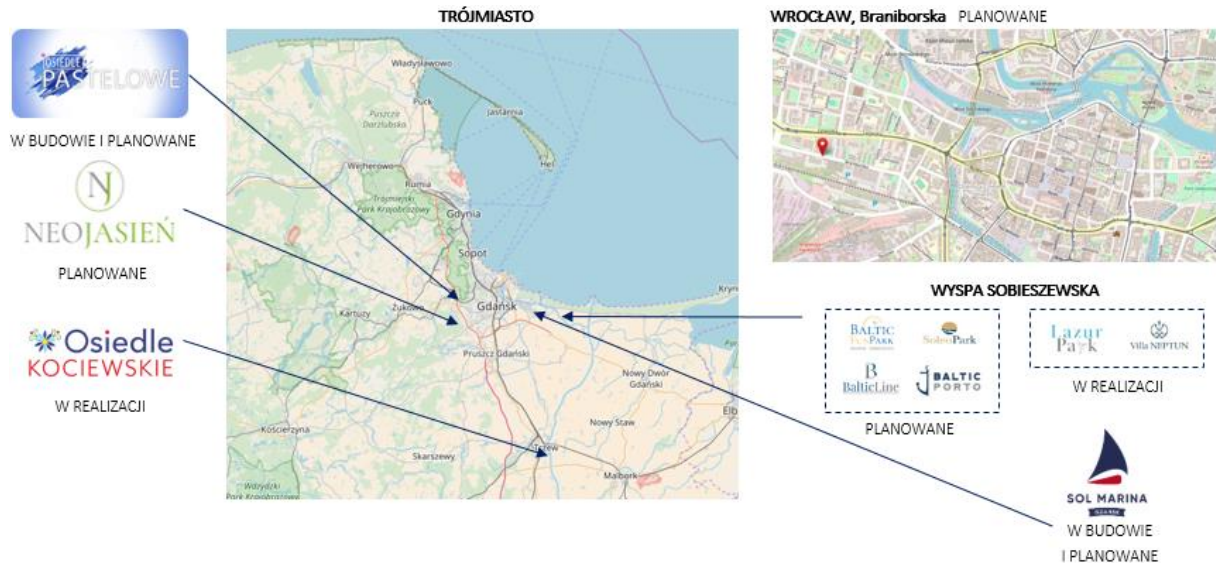
- a total of 157 apartments, Nowe Rokitki V, VI - a total of 139 apartments, Grano Residence - a total of 282 apartments. In particular, the last project was significant for results of real-estate development segment, due to its characteristic location in the city center of Gdańsk and the high selling price per 1 m<sup>2</sup>. In H1 2020, sales revenues amounted to PLN 188.2 million, and the operating margin was nearly at the level of PLN 30 million.

After three quarters of 2020, in sales revenues of real-estate development segment was recognized sales of 571 apartments. For comparison, in the same period of the previous year, there were 372 apartments recognized. In Q1-3 2020, four investments were handed over: Foresta - a total of 157 apartments; Nowe Rokitki V, VI - 139 apartments in total; Osiedle Zielone III - 42 apartments; Grano Residence - 282 apartments in total. In 1-3Q 2020 sales revenues amounted to PLN 256 million (with total revenues of the segment of PLN 258 million), and the operating margin amounted over PLN 40 million. In the history of real-estate development segment, sales results were better than in the best 2017 so far.

According to the Issuer's preliminary estimates for 2020, the number of premises that will be recognized in financial result amounts 622 apartments, compared to 490 apartments recognized in 2019. The estimated value of apartments sold in 2020 on the basis of concluded reservation, real-estate development and preliminary agreements amounted PLN 78 million, while the estimated value of apartments that will be recognized in Group's financial result in 2020 will amount over PLN 282 million. The final data on sales of apartments will be published in financial statements of the DEKPOL Capital Group for 2020, which will be audited by a statutory auditor, and the publication of which is scheduled for 26<sup>th</sup> of April 2021.

Location of real-estate development projects

The location of real-estate development projects under construction and planned for implementation as at 31<sup>st</sup> of December 2020 is presented below:



Source: Issuer; ©Authors OpenStreetMap, [www.openstreetmap.org](http://www.openstreetmap.org)





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Majority of projects are located in the TriCity agglomeration. Osiedle Pastelowe and Osiedle Zielone are located in Gdańsk, Nowe Rokitki investment in Rokitki near Tczew, Sol Marina in Wiślinka. The Group also plans to implement several projects on Sobieszewska Island. Wrocław will be a definitely new market for Dekpol Developer, where the company owns ground property for construction of a project with the size of 17.8 thousands of square meters of PUM (usable floor area) at ul. Braniborska.

In addition, on 01.10.2020, the Group announced that the subsidiary - Dekpol Developer (Dekpol Inwestycje Sp. z o.o. Braniborska Sp. K.) had signed a letter of intent with an institutional investor regarding sales of a residential building with a total area of approx. 18 thousands of square meters with the rights to the ground property on which the building will be constructed. Potential sales price has been set at approx. 20% of sales revenues of the Dekpol Group for 2019, which amounted to PLN 772.1 million. Completion of works is scheduled for the second half of 2023. Preliminary agreement was concluded on 9<sup>th</sup> of March 2021, about which the Issuer announced in current report no. 11/2021.

In years 2021-2022, the Group plans to begin construction of several mixed-type projects (residential, apartment, aparthotel) on Sobieszewska Island. The total usable area is planned at approx. 37.8 thousands of square meters. The exact location is shown below:



Source: Issuer; ©Authors OpenStreetMap, [www.openstreetmap.org](http://www.openstreetmap.org)

Sobieszewska Island is the easternmost part of Gdańsk, surrounded by waters of the Gdańsk Bay and the Martwa Wiśła. Significant part of the island is occupied by Spit Forest with two nature reserves and numerous dunes. The beach in Sobieszewo, 78 m wide and 11 km long, is one of the last wild nature refuges on the Polish coast. At the same time, Sobieszewska Island, thanks to the drawbridge opened in 2018, is very well connected with city center of Gdańsk - access to the Old Town takes approx. 15 minutes, and to the office center in Przymorze district - 25 minutes. After completion of construction works on S7 expressway, time of travel from Warszawa to Sobieszewo should not exceed 3 hours, compared to 5-hours drive to the Hel Peninsula.

### Hotel objects



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The Dekpol Group in its history has completed construction of several hotels as a general contractor, and in three cases also as their real-estate developer. In 2016, the Group completed construction of its own hotel called Hotel Almond, located in Gdańsk close to the Old Town and the Granary Island. The facility is still owned by the Group.

In upcoming years, the Group completed two investments (Hotel Number One and Hotel Grano), acting as a real-estate developer and selling hotel rooms to customers (ownership of apartments). Both facilities are located on Granary Island in Gdańsk.

Detailed information on hotel facilities implemented by the Dekpol Group is presented below:

**HOTEL ALMOND:**

Ownership of Dekpol Group

Completion of construction: 2016

Location: ul. Toruńska 12

Number of rooms: 109

Balance value at 30.09.2020: 72 millions of PLN



**HOTEL NUMBER ONE:**

Project sold in condo system

Completion of construction: 2017

Location: ul. Jaglana 4 (Granary Island)

Number of rooms: 172



**HOTEL GRANO:**

Project sold in condo system

Completion of construction: 1H 2020

Location: ul. Pszenna 3 (Granary Island)

Number of rooms: 138



Source: Issuer

The Dekpol Group owns ground properties with a total area of 5,878 of m<sup>2</sup>, located in Warszawa at ul. Prądzyńskiego 21 in the vicinity of the Warsaw EXPO XXI Center and



## PROSPECTUS OF DEKPOL S.A.

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Warszawa Zachodnia Railway Station, where in the future the Company plans to build a hotel investment with a total usable floor area of approx. 16 thousands of square meters.

On 9<sup>th</sup> of October 2019, Dekpol S.A. received, issued by the President of the Capital City of Warsaw, a legally binding construction permit of a hotel building on a ground property located in Warsaw at ul. Prądzyńskiego.



*Visualization, Source: Issuer*

Obtained construction permit covers construction of a hotel building with commercial premises on the ground floor and an office part with a total usable floor area of approx. 16 thousands of square meters (approx. 400 rooms) and land development. The property is the first investment property acquired by Dekpol S.A. in Warszawa. As at Prospectus Date, the Issuer is considering various possibilities of using the property and construction permit obtained.

The Dekpol Group owns a ground property with a total area of 63,375 m<sup>2</sup> (this is the area of the plot no. 34/2, on which will be constructed a hotel building, with the plot no. 33, the area amounts to 92 875 m<sup>2</sup>), located in Wiślinka, commune of Pruszcz Gdański at ul. Łąkowa, where in the future the Company plans to build a hotel with a total usable floor area of approximately 3,124 m<sup>2</sup>.

On 26<sup>th</sup> of September 2019, Dekpol Inwestycje Sp. z o.o. Sol Marina Sp.k. received, issued by the Starosty Office of Gdańsk, a legally valid permit for construction of a yacht pool with marina, canals, platforms with apartment buildings, a reception building and a captain's office with installations, road system with parking lots and an entrance to ul. Łąkowa.

On 18<sup>th</sup> of December 2019, Dekpol Inwestycje Sp. z o.o. Sol Marina Sp.k. received a legally valid replacement construction permit issued by the Starosty Office in Gdańsk, partially



## PROSPECTUS OF DEKPOL S.A.

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changing final decision of the Starosty Office in Gdańsk to the extent consistent with replacement of construction design.

On 29<sup>th</sup> of October 2020, Dekpol Inwestycje Sp. z o.o. Sol Marina Sp.k. received a legally valid replacement construction permit issued by the Starosty Office in Gdańsk, partially changing the final decision of the Starosty Office in Gdańsk to the extent consistent with replacement of construction design.

The obtained permits cover construction of a yacht pool with marina, canals, platforms with apartment buildings (14 apartment buildings), a reception building, a captain's office building with water supply, sanitary sewage, gas, electricity, mechanical ventilation, 3 tanks for rainwater, road system with parking lots and an entrance to ul. Łąkowa.



*Visualization, Source: Issuer*

In January 2021, the Issuer introduced over 100 condo hotel rooms for sales as a part of the Sol Marina complex. This is another condo hotel project implemented by the Dekpol Group, after Hotel Number One and Hotel Grano. Begin of construction works is scheduled for the second quarter of 2021, and completion for the first quarter of 2023. Sales of apartments will be carried out on the basis of business model already used in previous investments of this type. The object will be managed by an entity from outside the Group (more in point 9.1.1.5), which is responsible for functioning of hotels and apartments within the Grano group.



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Schedule of real-estate development projects

Name of investment	Location	PUM+PUU (m <sup>2</sup> )	Number of apartments	% of apartments sold (31.12.2020)	Start of construction works		Completion of construction works				* Ground property was not fully paid, PLN 20.4 million in total must be paid.															
					2020		2021		2022				2023				2024									
					1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q						
Nowe Rokitki V i VI	Tczew	7 205	139	87%																						
Foresta	Gdańsk	9 577	157	100%																						
Grano Residence	Gdańsk	6 721	146	99%																						
<i>Grano Residence Hotel</i>	<i>Gdańsk</i>	<i>5 062</i>	<i>138</i>	<i>100%</i>																						
Os. Zielone III bud. 4	Gdańsk	2 262	42	100%																						
Pastelowa I	Gdańsk	8 451	180	92%																						
Sol Marina Ia	Wiślina	5 585	92	42%																						
Nowe Rokitki VII (Osiedle Kociewskie etap I*)	Tczew	4 978	121	23%																						
Lazur Park	Sobieszewo	1 522	36	30%																						
Villa Neptun*	Sobieszewo	1 673	40	15%																						
Os. Zielone IV etap 1* (Neo Jasień etap I)	Gdańsk	4 402	104	Planowany																						
Braniborska*	Wrocław	18 000	404	Planowany																						
Pastelowa II	Gdańsk	16 296	350	Planowany																						
<i>Sol Marina Ib</i>	<i>Wiślina</i>	<i>4 230</i>	<i>130</i>	<i>Planowany</i>																						
Nowe Rokitki VIII* (Osiedle Kociewskie etap II)	Tczew	5 400	129	Planowany																						
Sobieszewo I apartamenty	Sobieszewo	6 582	122	Planowany																						
Baltic Line	Sobieszewo	2 004	60	Planowany																						
Os. Zielone IV etap 2* (Neo Jasień etap II)	Gdańsk	4 330	107	Planowany																						
Nowe Rokitki IX* (Osiedle Kociewskie etap III)	Tczew	6 000	140	Planowany																						
Baltic Porto	Sobieszewo	2 562	72	Planowany																						
<i>Baltic Fun Park*</i>	<i>Sobieszewo</i>	<i>10 337</i>	<i>180</i>	<i>Planowany</i>																						
Pastelowa III	Gdańsk	15 381	348	Planowany																						
Sol Marina II	Wiślina	5 830	127	Planowany																						
Soleo Park*	Sobieszewo	888	25	Planowany																						
Sobieszewo II apartamenty	Sobieszewo	12 223	320	Planowany																						
Pastelowa IV	Gdańsk	17 833	405	Planowany																						
Sol Marina III	Wiślina	6 424	140	Planowany																						
<b>Total number of apartments planned for completion</b>					<b>620</b>				<b>469</b>				<b>583</b>				<b>1240</b>				<b>1200</b>					

Source: Issuer; Investments carried out in the condo system are marked in italics



## PROSPECTUS OF DEKPOL S.A.

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In addition to the above-mentioned ground properties, the Dekpol Group also owns ground properties in Warszawa at ul. Prądzyńskiego, in Gdańsk (ul. Pastelowa and on Sobieszewska Island) and in Rokitki, where the Group plans in longer term to build 76,000 sq m of PUM and PUU in total.

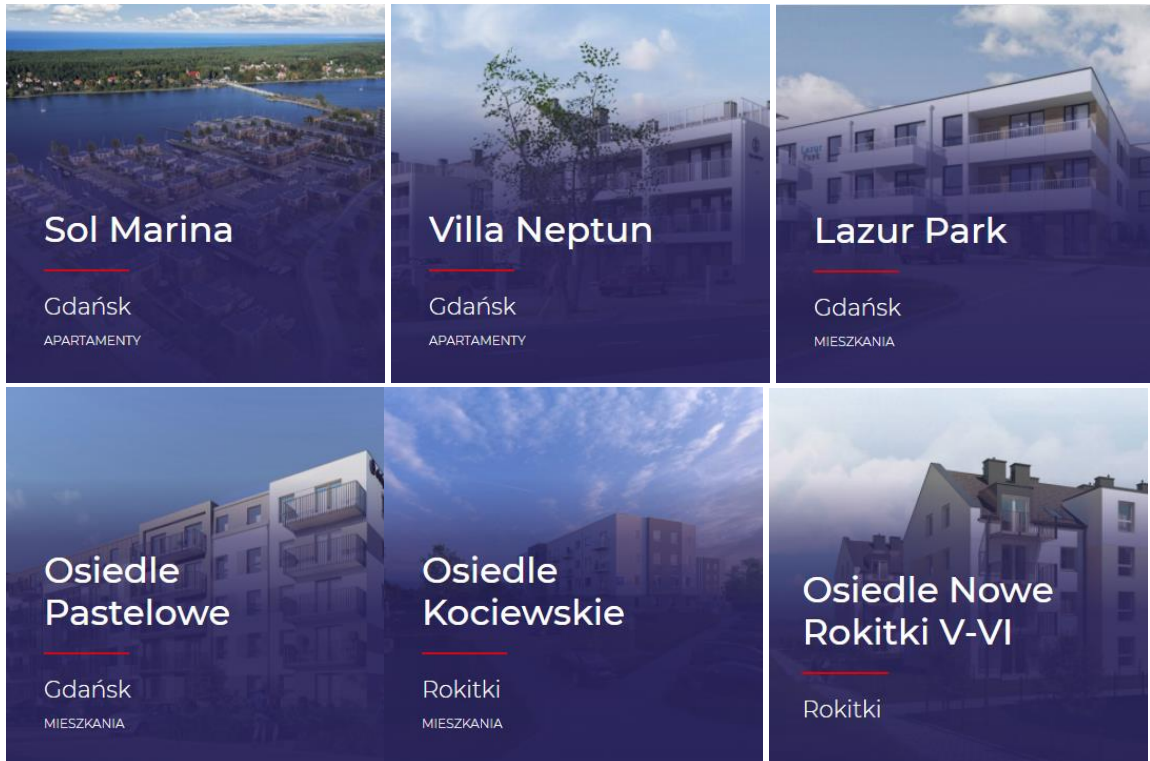


## PROSPECTUS OF DEKPOL S.A.

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On 12<sup>th</sup> of March 2021, the Issuer received information that the Issuer's subsidiary - Dekpol Inwestycje Sp. z o.o. Pastelowa Sp. k. received, issued by the President of the City of Gdańsk, a construction permit for construction of the 2<sup>nd</sup> stage of the estate of multi-family residential buildings as a part of "Osiedle Pastelowe" project, along with underground garage halls, internal installations and other necessary infrastructure in Gdańsk at ul. Pastelowa. As a part of the above-mentioned investment stage the Company aims to construct 5 residential buildings, which will include 350 apartments with storage rooms with a total usable area of approx. sq m and 401 parking and garage spaces. The estimated value of revenues obtained from implementation of the above-mentioned stage amounts approximately PLN 108 million net. The second stage of "Osiedle Pastelowe" investment will be completed and handed over in the fourth quarter of 2022, and the first apartments will be commissioned to customers in the first quarter of 2023.

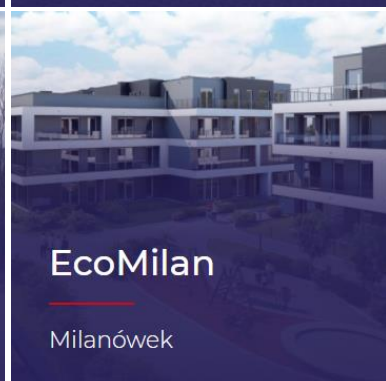
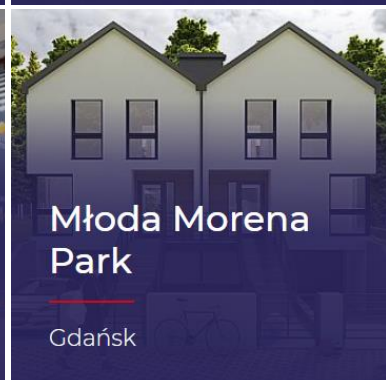
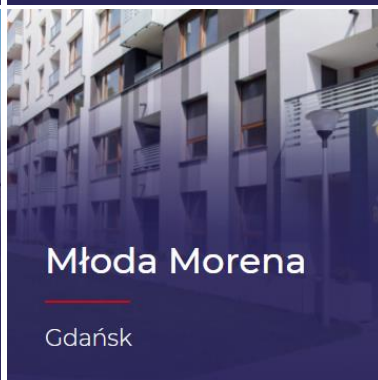
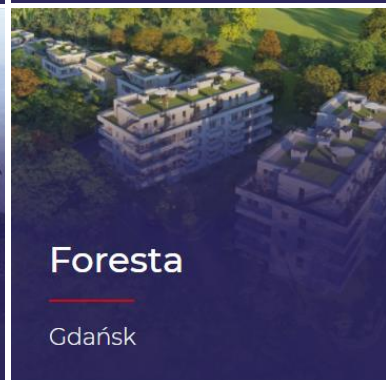
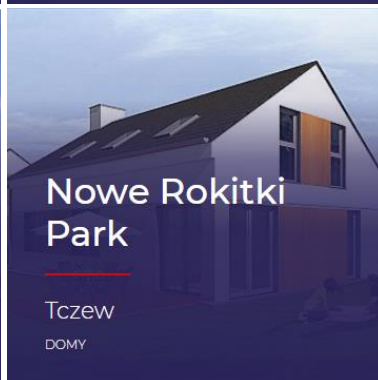
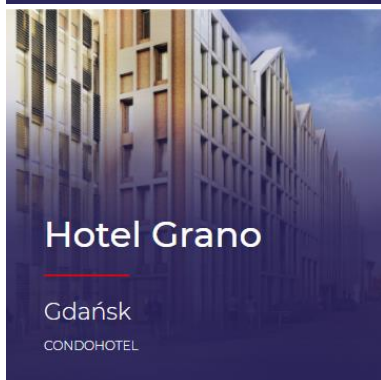
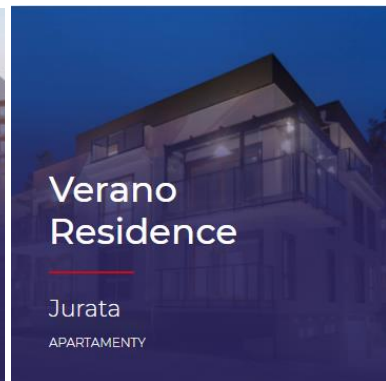
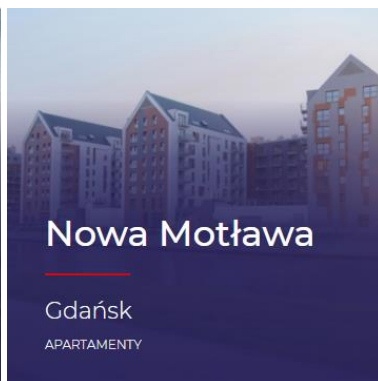
### Selected projects in progress / in sales offer



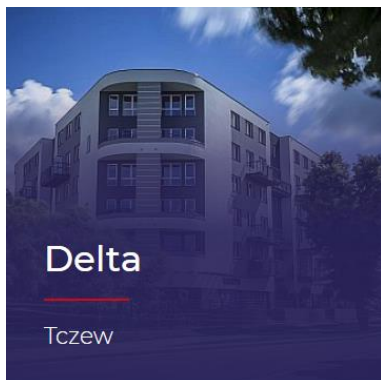
### Selected finished projects



PROSPECTUS OF DEKPOL S.A.







### 5.1.3. Production of accessories to construction machines

Dekpol Steel is the largest Polish manufacturer of buckets and integrated accessories for machines used in construction, earthworks, finishing and agricultural works. This part of the Group's business activities is the most dynamically developing type of activity.



The Group offers a wide range of standard and specialized buckets, integrated accessories for excavators, loaders, backhoe loaders, and telescopic handlers for a wide range of construction, cleaning and agricultural works. They are used, inter alia, in quarries, gravel pits, earthworks or in agriculture.



*Buckets for excavators*



*Buckets for wheel loaders*

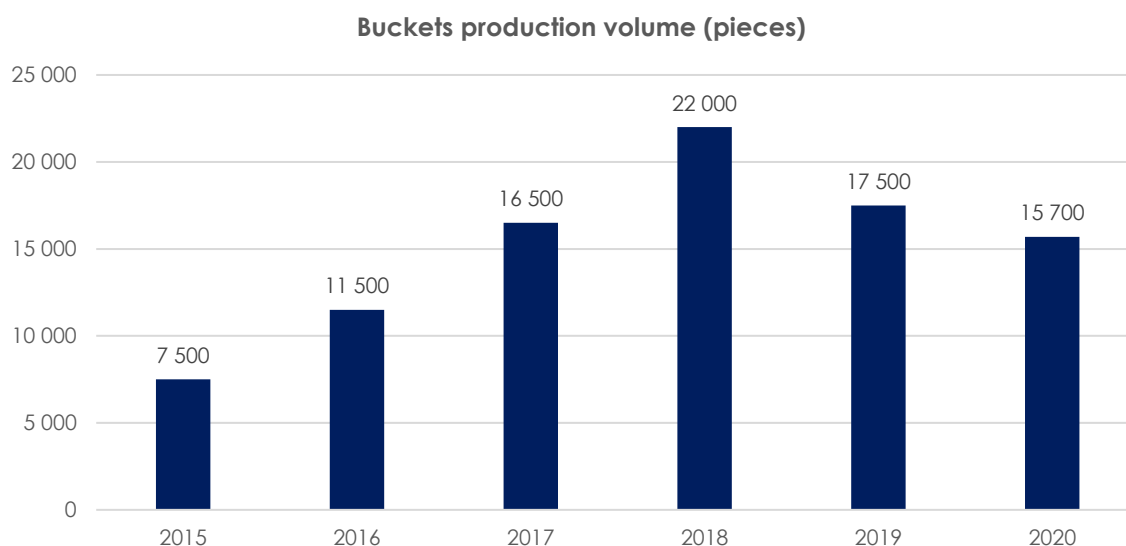
Dekpol, through the company Dekpol Steel, which was separated on 01/01/2020 from the structure of Dekpol SA, currently produces about 750 tons of finished products per month. Over 90% of production is exported to over 24 countries around the world, incl. to Norway, Sweden, Germany and Great Britain and even South Korea and Australia. Dekpol Steel cooperates with world's largest manufacturers of construction machines: Komatsu, Volvo, Liugong Dressta Machinery, Caterpillar and Doosan Group - Bobcat. Thanks to many years of experience, the company is able to produce any type of buckets and adapt to requirements of each client.



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The issuer holds prestigious SSAB "Hardox in My Body" certificate. Development of the steel segment was initially carried out within Dekpol S.A. In 2012 was initiated production of accessories for construction machines. Activities in this area were dynamically developed. At the beginning of 2020, activity was separated to the special purpose vehicle called Dekpol Steel Sp. z o.o. The company aims further dynamic development, among others by increase of recognition of the Dekpol Steel brand, expansion of commercial offer, territorial expansion and strengthening of position on already served markets.

Since 2012, the company has produced approx. 95 thousands of buckets in majority for OEM customers as well as for aftermarket clients covering 24 countries. In 2019, the Issuer produced approx. 17.5 thousands of buckets, achieving sales revenues in the amount of approx. PLN 90.7 million. In 2020, the Issuer produced 15.7 thousands of buckets, achieving sales revenues in the amount of approximately PLN 81.5 million.



Source: Issuer

Between 2018-2020, the Issuer expanded its machinery park with new Haas machining centers. In 2020 were made many key decisions related to further development. In 2020, the Issuer signed a contract for the supply and assembly of the first robotic station with two synchronous welding robots, which was implemented on 12<sup>th</sup> of January 2021.

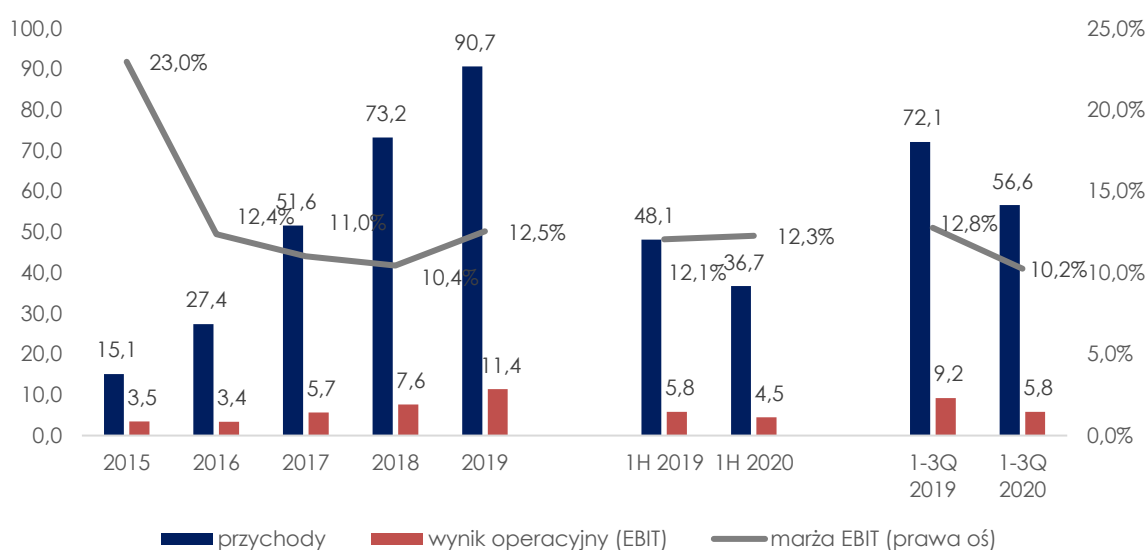
Expansion of the new production area by another 4,700 m<sup>2</sup> will be crucial for the Company. The new hall will be used for production of buckets weighing up to 5,000 kg. Entire production process will be fully robotized, especially the welding stage. The next stage will be construction of so-called "heavy" hall of area of 5,000 m<sup>2</sup> for production of buckets of a weight of over 50 tones. Remaining purchases are related to improvement of production. It is planned to purchase new assembly tables and retrofitting the TOS boring machine with an angular head and a shot-blasting machine (order completed).



## PROSPECTUS OF DEKPOL S.A.

Since 2020, Dekpol Steel, by expansion of its own sales network, both in Poland and in Western Europe, aims to create warehouses with its products. Thanks to this action, sales offer for potential recipients will be more interesting due to the availability of products "on the spot", eliminating long waiting time for fulfillment of orders. The main markets that are to be covered in the first place by the above-mentioned business model are France, Germany and Sweden.

**Financial results of the segment of production of accessories for construction machines (in millions of PLN)**



Source: Issuer

Segment of production of accessories for construction machines is the most growing business segment in the Dekpol Group. Segment's revenues increased from PLN 15.1 million in 2015 to PLN 90.7 million in 2019. During this period, the EBIT result increased from PLN 3.5 million to PLN 11.4 million. The EBIT profitability of this segment has been ranging from 10% to 13% for several years (excluding 2015, where the margin amounted 23%).

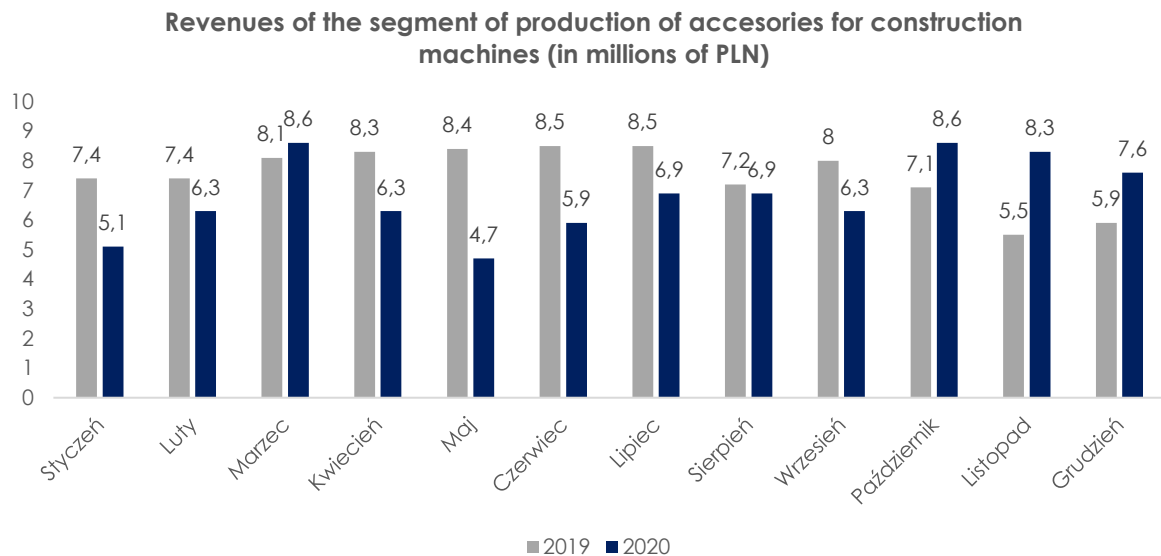
After the first half of 2020, the Group recorded decrease in segment's revenues, which amounted to PLN 36.7 million (PLN 48.1 million the year before). In the first half of 2020, the Group produced 5.8 thousands of buckets, comparing to 8.7 thousands of buckets in 1H 2019.

After three quarters of 2020, the Group recorded decrease in sales revenues of this segment, which amounted to PLN 56.6 million (PLN 72.1 million in the previous year). After three quarters of 2020, the Group produced 11.3 thousands of buckets, comparing to 13.2 thousands of buckets in the same period of 2019.

Uncertainty on the global market caused by the COVID-19 pandemic was noticeable at Dekpol Steel. OEM customers have decided to shut down their factories for several months due to reduction in demand. Therefore, the Group recorded decrease in orders in the period March / April, which was reflected in decrease in sales revenues at the turn of April / May. During the period of reduced production load, the Group undertook a number of activities



aimed at optimization of production processes, which should translate into obtaining a better margin while maintaining current product prices. During the COVID-19 pandemic, the Group intensified its efforts to acquire new customers. With some of them the Company have already started cooperation, with others the Company still negotiates in order to catch up for decline in orders from current customers. Since June, the Company has been improving situation in terms of the number of orders, but their value is lower than in previous year, and, for the first time in the history of Company's business operations was noted decrease in turnover in 2020 by approx. 10% y / y. Company's sales forecasts for 2021 are optimistic and related to many road infrastructure projects in European countries, which will be implemented by Company's contractors.



Source: Issuer

#### 5.1.4. Other types of business activities

##### Production of steel structures and concrete prefabricates

The Dekpol Group through its subsidiary BETPREF sp.z o.o. is active in production of steel structures and concrete prefabricates, mainly for general contracting purposes.

Thanks to such assortment, general contracting by the use of Betpref services is able to provide full frame of structures along with roof structures.



The Company Betpref has been part of the Dekpol Capital Group since 2018.

Betpref specializes in production of high-quality concrete prefabricates as well as light and heavy steel structures. The Company offers design and assembly services. It owns two production plants where processes up to 2,000 m<sup>3</sup> of concrete and 250 tons of steel per month.



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Betpref sp.z o.o. provides products for industrial construction (posts, beams, foundations, retaining walls, docks), residential construction (balconies, walls, filigree ceilings) and for infrastructure construction (stadiums) as well as for individual projects (prefabricated houses).

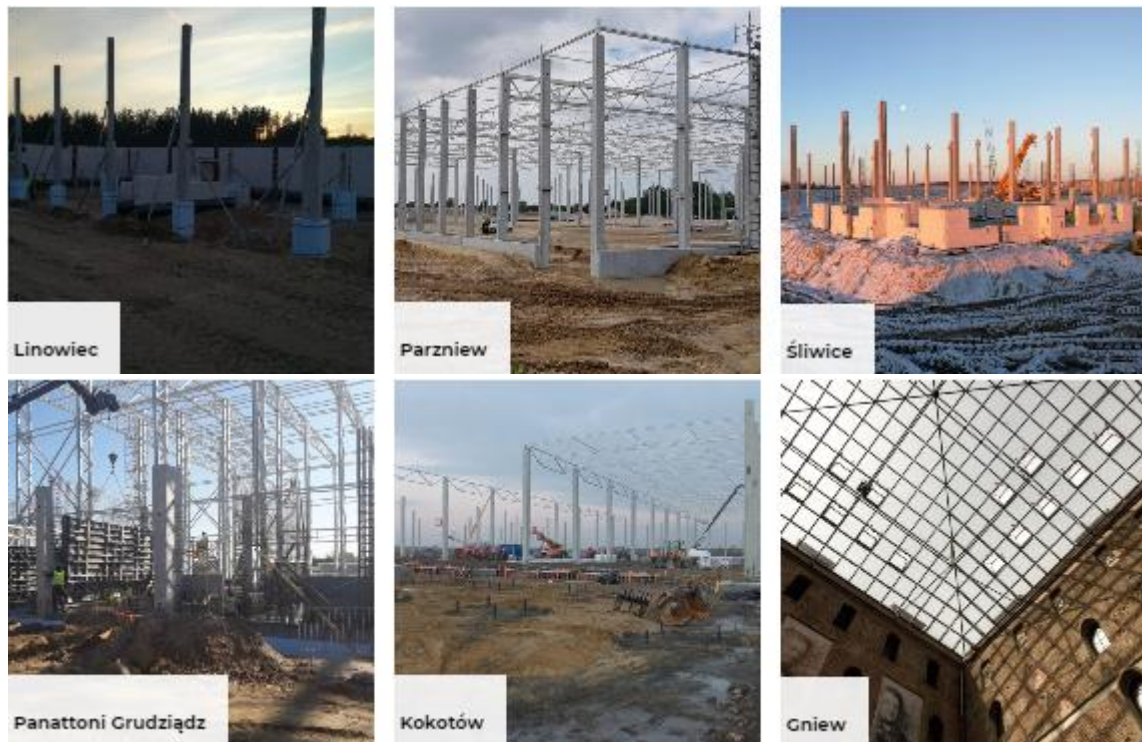


The company supplies its products both to the domestic market and to the European Union. The main advantages of use of ready-made prefabricated products are the pace of construction works, regardless of weather conditions, while maintaining required quality.

The company has several years of know-how in the field of production and over 100 qualified employees. So far, the company has completed over 1100 orders.

Selected projects of Betpref are presented below:





Source: Issuer

### 5.1.5. Influence of COVID-19 pandemic on business activities of the Dekpol Group

Spreading COVID-19 pandemic is a factor exerting an increasing impact on the global and Polish economy. The Dekpol Group identifies potential risks that may affect individual areas of Group's operations resulting directly or indirectly from current situation.

In relation to the industry of production of accessories for construction machines, these are primarily: limited availability of administrative and production employees as well as limitation or suspension of production in plants supplying materials or components for production. It cannot be excluded, that in this situation there may be delays in project implementations due to force majeure. Some of the above risk categories may also apply to General Contracting segment, which, however, as at the date of publication of this report, successfully resists pandemic threats, maintaining compliance with planned construction production schedules on all projects, despite the occurrence of individual disease cases. A certain difficulty is limitations in work of offices conducting building acceptance checks and offices supporting the activities of network administrators. However, related risks are controlled by the Company through advance contacts with the above-mentioned entities, and implemented procedures of procedural simplification at the national level systematically improve the situation.

The year 2020, and in particular the second quarter, was the biggest test of management systems implemented, as well as activities undertaken earlier related to expansion of sales



## PROSPECTUS OF DEKPOL S.A.

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network of Dekpol Steel. The collapse of construction machinery market related to Covid-19 pandemic has had a negative impact on orders from OEM customers. In May and June, the Group recorded relatively smaller orders from the above-mentioned customers. Thanks to intensive work of newly established sales department, it was possible to obtain orders from the aftermarket, which minimized losses resulting from closure of many OEM factories in Europe. The second quarter of 2020 Dekpol Steel Sp. z o.o. ended with a 20% decrease in orders compared to the same period last year. Through decisive actions of Management Board of Dekpol Steel, the continuity of factory's operation was maintained, without reduction of employment or suspension of production process. In June 2020, a large-scale recruitment campaign was carried out to recruit new production employees. This action allowed recruitment of new employees, laid off from other companies at a critical moment in the second quarter. In the same period, a decision was made to purchase a fully robotic stand for production of loader buckets. By automation of welding process, the efficiency of this area will increase. The period of reduced production was used for further optimization of production processes as well as tightening of inventory reporting. The Covid-19 pandemic has prompted more inquiries from OEMs regarding production of accessories currently manufactured in China and other countries outside of Europe.

In the real-estate development industry, there is a risk of temporary reduction in demand for residential properties, which may result in smaller number of agreements concluded in connection with sales of these properties, including reservation, preliminary and real-estate development agreements. The Issuer identifies the risk of temporary hotel closings during pandemic, which may lead to reduced demand for premises in constructed aparthotels and condo hotels. In the Group's opinion, postponement of conclusion of agreements should not affect Group's long-term results but only in coming months. A number of factors related to pandemic resulted in decrease in the number of sales transactions in 2020, compared to the same period of previous year. Difficult economic situation, restrictions introduced by state authorities, tightening bank requirements, resulting in difficulties in mortgage getting as well as customer's concerns about job insecurity had a negative impact on this demand. Delays in obtaining construction permits and other administrative decisions necessary for commencement or continuation of construction processes are also possible.

Situation related to the virus also influenced business actions taken by Dekpol S.A. and Dekpol Steel Sp. z o.o. in the scope of use of public aid pursuant to Art. 70 of the Act of 2 March 2020 on special solutions related to preventing, counteracting and combating COVID-19, other infectious diseases and emergencies caused by them. Also, Dekpol S.A. and Betpref Sp. z o.o. benefited from public aid pursuant to Art. 15gg of the Act of 2 March 2020 on special solutions related to preventing, counteracting and combating COVID-19, other infectious diseases and emergencies caused by them.

The amounts and conditions of the public aid granted pursuant to Art. 15gg of the Act of 2 March 2020 on special solutions related to preventing, counteracting and combating COVID-19:



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BENEFICJENT	PODMIOT UDZIELAJĄCY POMOCY	PRODUKT	KWOTA DOFINANSOWANIA W PLN	KWOTA NA MIESIĄC	UWAGI
Dekpol S.A.	Wojewódzki Urząd Pracy w Gdańsku	dofinansowanie wynagrodzenia pracowników nieobjętych przestojem	1 186 326,84	395 442,28	na okres 08.2020-10.2020
Betpref Sp. z o.o.	Wojewódzki Urząd Pracy w Gdańsku	dofinansowanie wynagrodzenia pracowników nieobjętych przestojem	620 000,34	206 666,78	na okres 08.2020-10.2021

Source: Issuer

However, the Group warns that due to unprecedented scale of the phenomenon and dynamics of events, it is difficult to predict further developments as at Prospectus Date and to estimate the impact of potential effects of pandemic, as well as to assess possible scenarios for behavior of major investors, customers, suppliers and subcontractors. Business activities in the Dekpol Group are carried out to adapt functioning of companies to the changing conditions, so as to safely ensure continuation of business operations. The Group also undertakes all necessary preventive actions in the scope of the projects implemented by the Group, as well as educational activities in relation to employees. At the same time, Management Boards of individual Group's companies will react to changing market conditions on an ongoing basis.

## 5.2. MARKET CONDITIONS

### 5.2.1. Construction market in Poland

#### Dynamics of construction and assembly production

According to preliminary data, construction and assembly production (in constant prices) in the territory of the country by construction enterprises employing more than 9 people was in November 2020 lower by 4,9% compared to corresponding period of 2019 (decrease by 4,7%) and higher by 0,6% compared to October 2020 (decrease of 0,4% the year before).

#### **Dynamics of construction and assembly production\_(in constant prices)**

ITEM	XI 2020		I-XI 2020
	X 2020=100	XI 2019=100	I-XI 2019=100
<b>CONSTRUCTION SERVICES</b>	<b>100,6</b>	<b>95,1</b>	<b>97,2</b>
Construction of buildings <sup>Δ</sup>	97,7	88,0	94,3
Construction of land and water engineering structures <sup>Δ</sup>	102,2	95,5	98,1
Specialized construction works	101,2	104,7	99,4

<sup>Δ</sup> Short name according to PKD 2007; Source: GUS

Compared to November 2019, increase in construction and assembly production was recorded for entities performing specialized construction works (by 4.7%), while decrease in





## PROSPECTUS OF DEKPOL S.A.

entities dealing with construction of land and water engineering structures (by 4.5%) and construction of buildings (by 12.0%).

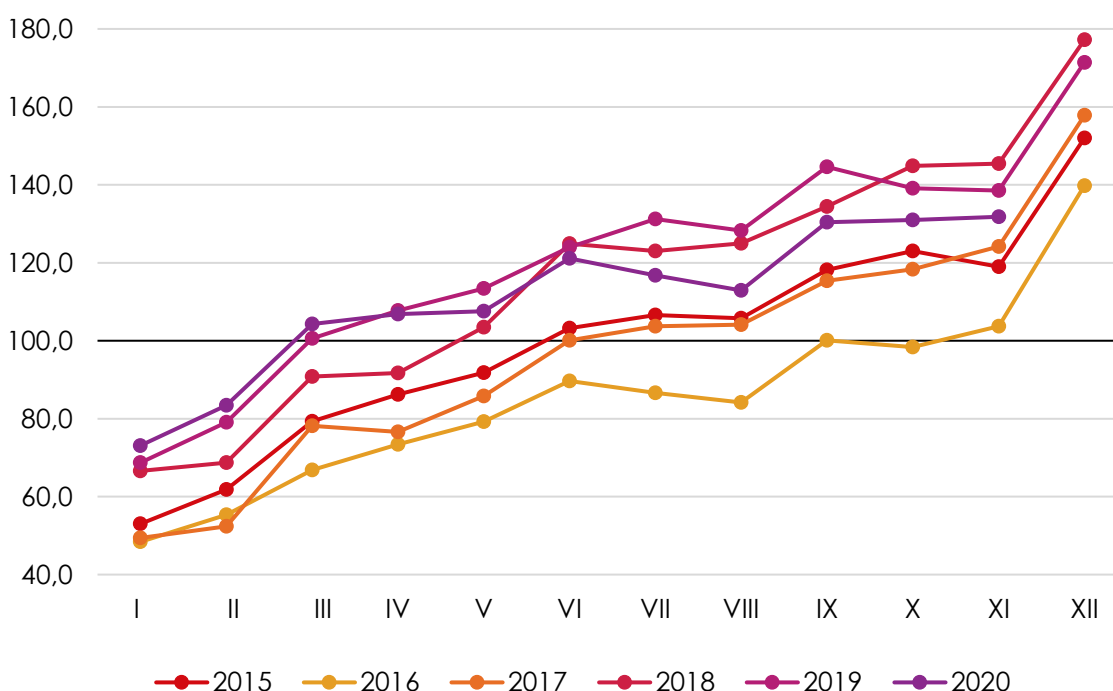
Compared to October 2020, an increase in the value of construction works was recorded in entities performing land and water engineering structures by 2,2% and specialized works by 1,2%. A decrease in value (by 2,3%) was recorded in enterprises dealing with construction of buildings.

In the period between January-November 2020, in relation to the same period of 2019, a decrease in the value of construction and assembly production occurred for entities performing specialized construction works (by 0,6%), construction of land and water engineering structures (by 1,9%) and construction of buildings (by 5,7%).

The value of construction and assembly production including investment works in November 2020 was lower by 4,6% compared to the corresponding month of previous year (in 2019, decrease by 1,4%), while the value of renovation works decreased by 5,4% (decrease of 9,7% in 2019).

In the period between January-November 2020, in relation to the same period of previous year, there was a decrease in the value of investment works (by 2,1%) and renovation works (by 4,1%), compared to an increase of similar works by 3,5% and 1,7% in 2019.

### Dynamics of construction and assembly works (constant prices; monthly average 2015=100)



Source: GUS

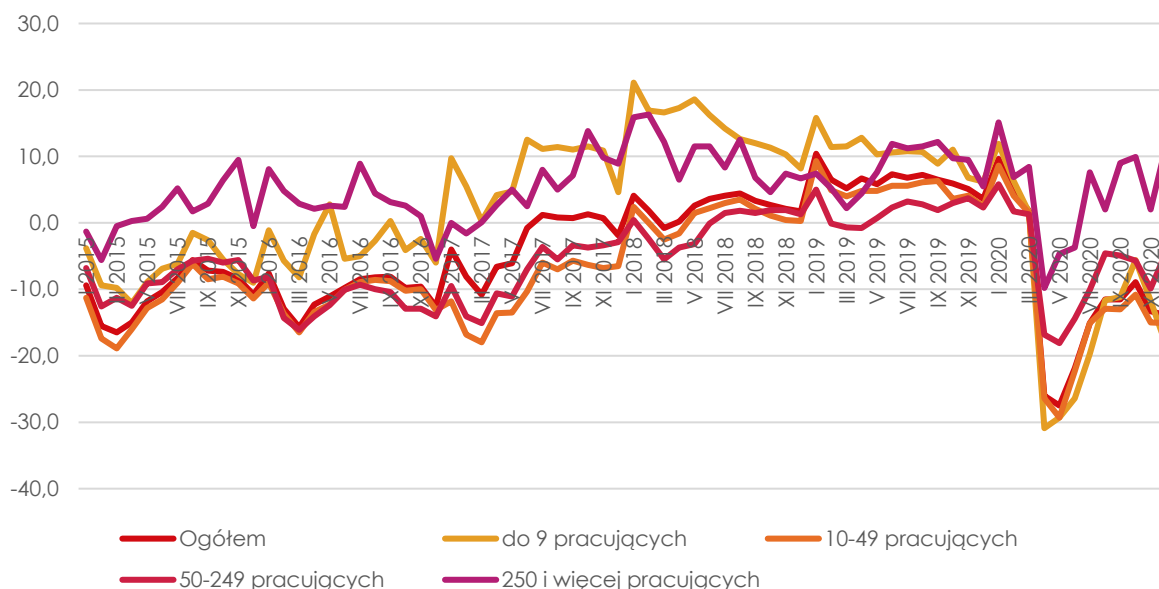
dynamics of construction and assembly production in November 2020 (in constant prices) compared to the monthly average value for 2015 amounted to 131,8.

After elimination of influence of seasonal factors, construction and assembly production was lower by 7,1% compared to corresponding last month and by 0,7% lower than in October 2020.



### Market conditions in construction industry

#### **Indicator of general market conditions in construction industry**



Source: GUS

In December 2020, indicator of general market conditions was at the level of minus 22,6 (minus 26,2 a month before). An improvement in economic situation was signaled by 6,5% of enterprises, and its deterioration - by 29,1% (a month ago, 6,2% and 32,4%, respectively). Remaining companies considered that their situation has not changed.

According to GUS experts, current assessments of construction and assembly production on the domestic market and financial situation are slightly less negative than those reported last month (November 2020), with continued unfavorable order book diagnoses. Relevant predictions are less pessimistic than those made in November. Payment delays for completed construction and assembly works are increasing, similar to a month ago. Construction companies predict reduction in employment, although slightly lower than in November. In the next three months, prices of construction and assembly works may drop less significantly than expected in November.

#### Warehouse market in Poland

According to AXI IMMO experts, the warehouse property market remained immune to the shock caused by pandemic, even in the critical spring months. Part of the market even experienced increased demand due to the boom in e-commerce at the beginning of pandemic. In total, in the second quarter of 2020, 1.36 million m<sup>2</sup> of gross warehouse spaces were leased. This is over 50% more than in Q2 2019. In turn, in the entire first half of 2020, 2.38 million m<sup>2</sup> of logistics space was leased, 25% more than in the first half of 2019.



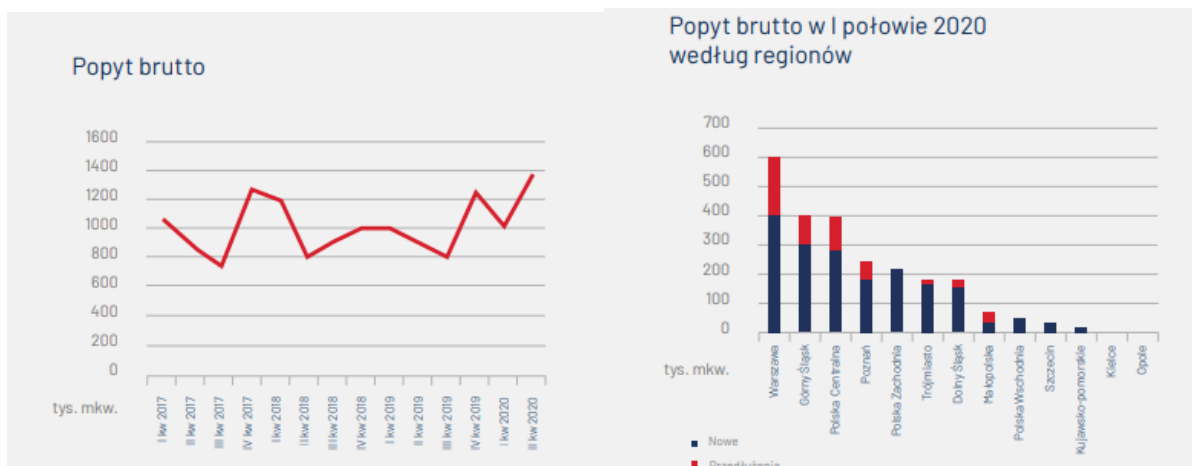
## PROSPECTUS OF DEKPOL S.A.

At the end of June, warehouse resources exceeded 19.7 million m<sup>2</sup>. In the first half of the year, over a million m<sup>2</sup> was completed. As a result, Poland, with a 15% share in new supply, was the third most active warehouse market in Europe.

The first half of 2020 was a record year in terms of warehouse space leased in Poland. The subject of long-term lease was 2.38 million m<sup>2</sup> of spaces, i.e. 25% more than in the first six months of 2019. New contracts and expansions accounted for 75% of total demand. Tenant's activities were particularly high in the second quarter. This was the result of closing of many BTS transactions which started at the beginning of the year and the result of demand for new spaces in connection with growing sales in e-commerce channel. Overall, in the first half of the year as much as 14.4% of space leased was intended for e-commerce.

The boom in online commerce has also led to record amount of short-term space leased. Tenants rightly assumed that online shopping, although it should remain at a higher level due to the pandemic, will normalize after the epidemic restrictions are withdrawn. The strategy adopted at that time was to implement part of expansion through temporary lease agreements. Short-term contracts in the first half of the year covered 326 thousands of m<sup>2</sup> of spaces. Due to its nature, these spaces were not included in overall gross demand in the first half of 2020.

The markets of the greatest interest from tenants were again the main markets, especially Warszawa, where 602.4 thousands m<sup>2</sup> were leased, then Upper Silesia and Central Poland (396,000 m<sup>2</sup> each) as well as Poznań (257,000 m<sup>2</sup>). The largest transaction in the first half of the year was signed by a secret tenant from e-commerce industry for approx. 200,000 m<sup>2</sup> in Świebodzin in Lubuskie Voivodeship. Due to this transaction, the market of Western Poland recorded the fifth highest level of gross demand in the country in the first six months of 2020.



Source: AXI IMMO – Polish warehouse market in H1 2020

At the end of June 2020, total warehouse spaces in Poland reached nearly 19.5 million m<sup>2</sup>, which meant an increase of 15.9% year by year. In the first half of the year, 1.1 million m<sup>2</sup> of new spaces were delivered to the Polish market, i.e., 9.6% more than in the first six months of

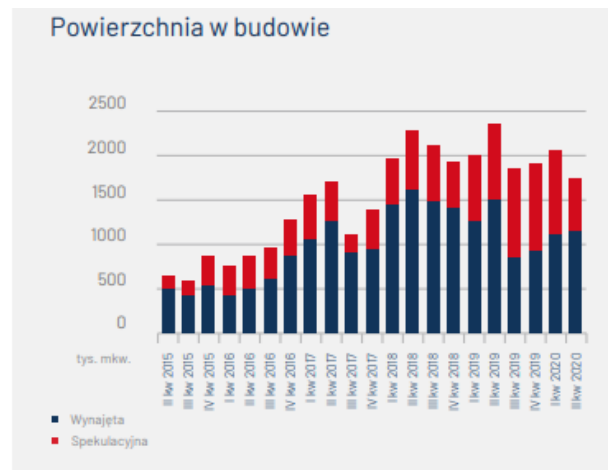


## PROSPECTUS OF DEKPOL S.A.

2019. Most of new spaces were put into use in Warsaw region (over 325,000 m<sup>2</sup>), then in Lower Silesia (200,000 m<sup>2</sup>) and Upper Silesia (192,000 m<sup>2</sup>).

Greater caution among developers, caused by uncertain market situation and more difficult financing conditions for investments, led to decline in warehouse spaces under construction. Currently, 1.77 million m<sup>2</sup> remains under construction, which is approximately 24% less than the year before. The percentage of spaces built speculatively also fell. It amounts 33.6%, compared to 45.3% at the end of March 2020.

The largest number of spaces is being built in the Warsaw region as well as in Lower and Upper Silesia. In relation to the size of the market, Tricity is still ahead of other major markets. Under construction remain 206,000 m<sup>2</sup>, which is 29% of total warehouse spaces in this region. Among the smaller markets, the highest development activity is observed in Western Poland. Currently, an area corresponding to 71% of the total size of this market is being developed there. After its delivery, warehouse resources will increase from the current 315.6 thousands m<sup>2</sup> to 540.6 thousands m<sup>2</sup>.



Sources: AXI IMMO - Polish warehouse market in H1 2020

According to AXI IMMO experts, after experiences with interrupted by COVID-19 of supply chains in spring 2020, when goods made in China did not reach Europe for a certain period, companies began to consider moving some part of their production closer to their own borders. Nearshoring (relocation of business processes to a geographically close country) may be an opportunity for Poland, as inquiries about such opportunities are no longer individual cases. The main advantage is the location of the country - goods can be delivered from Poland to most cities in the most densely populated part of Europe within 24 hours, and to the entire continent within 48 hours. Increased interest in Poland comes from industries such as widely understood chemicals, food or automotive products as well as related industries. In addition, possible transfer may be considered by manufacturers related to metal and construction industries, packaging and plastic products or mechanics.



The Issuer also notices an increase in interest in industrial construction. Historically, in Issuer's order portfolio there was no such situation where factories constituted such a significant part - also built in the BTS system, characterized by long lease terms, i.e. 10-15 years.

### 5.2.2. Real-estate development market in Poland

In 2020, the Polish real-estate development market remained very active, despite coronavirus pandemic. In 2020, residential developers from GPW (Warsaw Stock Exchange) and developers whose bonds are listed on Catalyst market, reported sales of approx. 22 thousands of apartments compared to 24 thousands apartments sold in 2019, which means decrease in the number of transactions by 9.6%. Only in the second quarter of 2020, the number of signed contracts was 30% lower than in corresponding period of 2019, while in Q3 2020 decrease reached 5% y / y, while in Q4 2020 was already around -2% y / y.

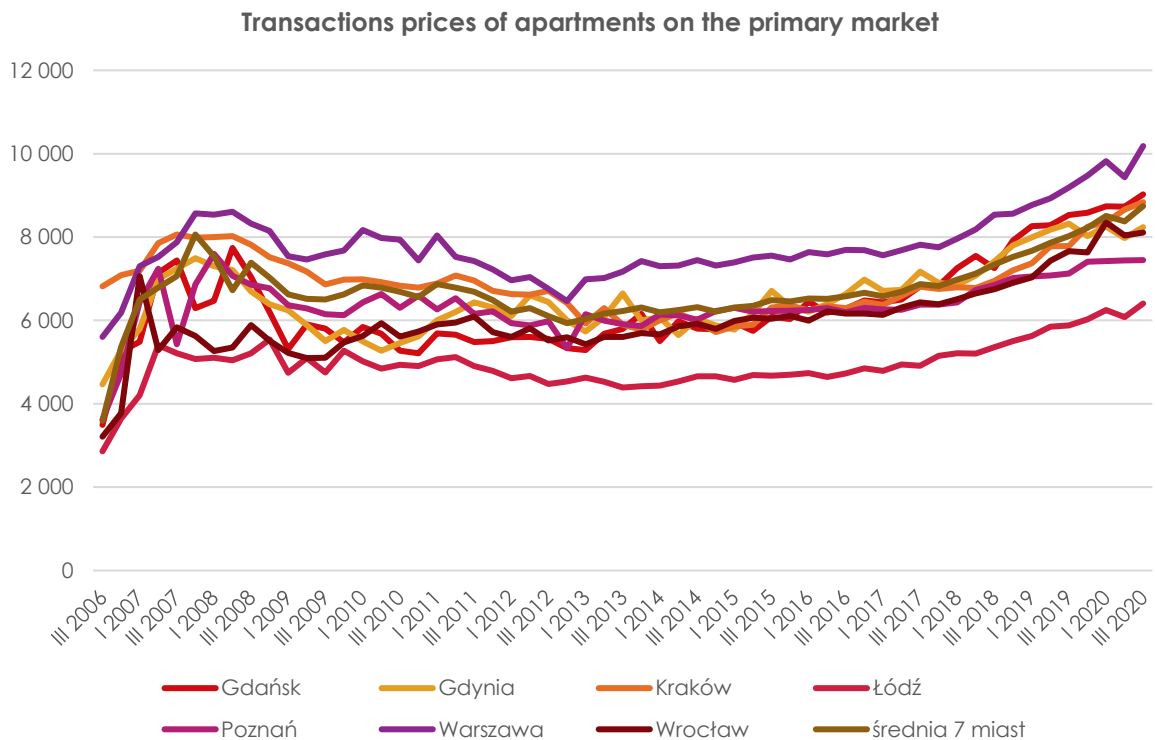
Supply on the primary market - according to JLL data, in Q4 2020, on six markets with the largest turnover (Warszawa, Kraków, Wrocław, Tricity, Poznań, Łódź) was launched sales of approx. 12.1 thousands of apartments, i.e. 6% less than in previous quarter. A total of 48.6 thousands of apartments were put for sales in the last four quarters, i.e. 24% less than in 2019.

Demand - according to JLL data, in 2020 in six major markets reached 53,000 of apartments sold, i.e. 19% less than in 2019 and 27% less than in the record-breaking 2017, which was the best year of current housing boom. In Q1 2020 in the six largest markets, a total number of 18.9 thousands of apartments were sold., i.e. 7% more than in the previous quarter and 14% more than in the first quarter of last year. In Q2 2020, 6.9 thousands of apartments were sold. It was approx. 60% less than the average quarterly sales in the last 3 years (2017-2019). However, it should be remembered that for most part of quarter were in force regulations limiting movement outside the place of residence. According to JLL experts, the biggest decrease took place in the first 6-7 weeks of the second quarter, after which sales started to increase. In Q3 2020 13.3 thousands of new apartments, i.e. 94% more than in Q2 2020. In Q4 2020 were sold 14 thousands of new apartments, i.e. 5% more than in previous quarter.

In Q4 2020, the offer decreased by 4.5% y / y, due to marked slowdown in new supply. The offer at the end of December 2020 amounted to 48 thousands of apartments, which is slightly lower level than the average level of the offer recorded in the last 3 years and is close to the annual sales result.



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Source: own study based on NBP data

A significant difference between the boom that ended in 2008 and that of recent years is the very different dynamics of price changes. Well, in 2007 the prices of flats for the 7 largest cities in Poland increased by 50%. Then, from the peak in Q4 2007 to the low in Q4 2012, home prices fell by an average of 24%. However, even after such a decrease, prices in low end in 2012 were higher than prices in Q4 2006, i.e. only a year before the peak. It is however worth to note, that in the periods of the greatest panic, the real estate markets usually freeze in short term, i.e. the number of transactions decreases significantly, because buyers expect lower prices, which sellers usually do not accept. Liquidity on the market usually returns after a few months only, when both parties "get used to" changed reality.

The boom in recent years had significantly different characteristics. In total, during the 7-year period of growth, lasting from 2013, prices increased by less than 40%, and in 2019 alone by 9% y / y. Prices grew the most in Gdańsk (by 61%) and in Warsaw (by 47%), and the lowest in Kraków (by 28%).

Between years 2009 - 2012, i.e. in the period of a weak housing market, after the crisis in 2008, real-estate developers not only did not limit the offer, but even contributed to its marked growth. Of course, the effect was decline in the average price of a flat, also due to strong outweighing of cheaper locations on offer. A similar scenario now seems less likely, as real-estate developers are less determined to expand the offer, and still high construction costs mobilize them to keep prices in current offer.



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Below, based on a report by Michael / Ström Dom Maklerski S.A., is presented a short description of the Polish residential market, both in terms of demand and supply.

Demand side	Supply side
<p><b>Apartments as an attractive asset for long-term investments</b> – NBP data for the period from the peak of previous boom on housing market to the end of 2019 show that the rate of return on investment in purchase of apartment for rent remained the most stable compared to the behavior of stock exchange indices. In the period of 13 years, profit on investment in an apartment for rent (according to NBP data for 7 largest markets in Poland, the rental profitability was assumed at the level of 5% annually) amounted to 135%.</p>	<p><b>Experience of residential real-estate developers from previous crisis</b> – In longer term, real-estate developers will be able to adjust the pace of introduction of new projects to the offer to the current pace of sales. Thanks to previous crisis, companies have learned how to effectively manage the size of sales offer, including by division of project into small stages. Therefore, the result of weaker sales will be a delay in commencement of the next stages, and not the stop to the entire project.</p>
<p><b>Favorable situation on the labor market</b> – Due to the low level of unemployment rate and an increase in average salaries caused, that real-estate buyers in majority satisfied their own housing needs and looked for opportunities for long-term investments, and were not just speculative buyers, as was often the case before the last crisis in 2008. In addition, the years of growth of salaries and jobs creation were used to accumulate wealth, so that for many transactions in recent years the average buyer's own contribution was high.</p>	<p><b>Relatively good liquidity situation of the real-estate development sector compared to other industries</b> – the future prices and sales volumes of flats may be significantly influenced by e.g. current balance sheet situation of real-estate developers, which will determine their tendency to quick reduction of prices of unsold apartments. Thanks to very good sales in recent quarters, most companies in the sector show historically high balances of cash and cash equivalents (including funds in housing fiduciary accounts) in relation to short-term debt and annual level of fixed costs.</p>
<p><b>High price availability per m<sup>2</sup> of apartment</b> – significantly increased purchasing power of home buyers, calculated as the monthly average of salary divided by average price of m<sup>2</sup> of an apartment. This indicator increased very quickly from the record low of 0.36 in 2007 to 0.50 in 2009 and then continued this trend (but at a slower pace) until 2017, reaching the value of 0.66. After 2017, the purchasing power slightly decreased to 0.63 at the end of 2019.</p>	<p><b>Future inflows contracted in signed real-estate development agreements</b> – Another argument in favor of low pressure of real-estate developers on significant reduction of prices is high level of pre-sales of apartments scheduled for completion in 2020. Thanks to very good sales results in recent quarters, in case of most of large real-estate development companies, as at 31<sup>st</sup> of December 2019 it amounts to approx. 60% - 80%. Assuming that in a real-estate development project, approx. 40% of sales</p>



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	price create gross margin and funds invested in the ground property, these are pre-sale levels that allow for completion of construction by use of payments from buyers
<b>Dynamic development of the sector of business services after 2008 in the largest Polish agglomerations</b> – according to the report prepared by Association of Business Service Leaders, at the end of the first quarter of 2019, there were approx. 1.4 thousands of foreign and domestic service centers in such areas as BPO, SSC / GBS, IT, R&D, employing a total of 307 thousands of people. For comparison, in 2008 this number reached approx. 45 thousands. 59% of current employees are people between 25 and 34, i.e. at the age when decisions are often made to buy the first apartment.	<b>Lack of necessity in purchasing of new ground properties</b> – liquidity situation of real-estate developers will also be improved by lack of purchase of new ground properties and negotiation with sellers of postponing payment terms for ground properties under already signed contracts. This approach has recently been directly communicated by industry representatives. It should be remembered that the largest real-estate development companies have an extensive bank of land with real-estate development potential corresponding to several years of sales volume.
<b>Rapid growth of the area of logistics centers</b> – development of the warehouse market in Poland has been favored by high GDP growth rate in recent years, as well as development of e-commerce sector and expansion of country's transport network. Construction of large logistics centers takes place mainly on peripheries of large cities, nevertheless creation of new jobs in them contributes to development of new, slightly cheaper, residential locations in districts further away from city centers (Warszawa Białołęka, Grodzisk Mazowiecki, Wieliczka, cities of Upper Silesian Metropolis).	<b>Increase of attractiveness of apartment's offer for buyers</b> – over the last 10 years, the largest Polish cities have experienced a very dynamic urban development, mainly due to expansion of internal communication and migration of residents of neighboring smaller towns. This phenomenon was closely related to high rate of job creation. As a result, apartments delivered to the market by real-estate developers in these cities have become much more attractive product for customers.

Source: Michael / Ström Dom Maklerski S.A.

#### Impact of coronavirus pandemic on the housing market

Due to COVID-19 pandemic in Poland, several factors directly affecting the housing market could be observed. The most important of them are presented below.

1. Closing of sales offices - restrictions on the possibility of home leaving by potential buyers forced real-estate developers to put more emphasis than before on remote communication with customers. The companies made it possible for customers to contact sellers via: telephone, e-mail, chat, video chat and Internet open days broadcast on social media via Internet. Real-estate developers have started to use more modern ways of presentation of offer, such as virtual walks. It was possible to sign reservation agreements remotely by use of the electronic signature.





2. Tightening of criteria for granting mortgages - banks are already tightening their lending policies by limitation of availability of mortgages for people employed under civil law contracts and sole proprietorships, as well as for employees of industries most affected by pandemic.  
On the other hand, some banks increased requirements for own contribution - on average to 20% -30%.
3. Possible delays in construction processes - the likely effects of introduced restrictions include in construction industry: reduction in scale of operations by general contractors, shortages of manual workers (especially from abroad) at construction sites, less availability of construction materials (especially imported from markets such as Western European countries) and slowing down of administrative procedures, e.g. when issuing construction permits.
4. Reduction of availability of bank loans and other forms of debt financing (including bonds issue) – similarly as in case of financing of apartment buyers, banks may also be more selective about loans granted for construction of housing projects. Until now, parameters of projects to be credited were of key importance, now financial situation of the entire group to which the project belongs may be of greater importance. Due to significant decrease in assets of mutual funds of a debt nature, refinancing of bonds maturing in the short term may prove to be a challenge.
5. Difficult situation of less capitalized real-estate development companies - some companies may not survive the slowdown and decrease of sales. This applies to entities with little experience, which were financed mainly with foreign capital and pursued an aggressive policy of debt growth. Lack of current sales combined with a small amount of cash, an expensive bank of land and inability to refinance their debt may, in their case, end in a long-term restructuring process. With the low level of equity involved, even a significant reduction in prices of offered apartments may not be sufficient in order to complete projects successfully.

### 5.2.3. Market of accessories for construction machines

The Issuer does not have external research about the market of accessories for construction machines, hence, the following description of the market has been described on the basis of experience in the course of operating activities of Dekpol Steel.

The Polish market of accessories for construction machines is characterized by customers whose main selection criterion is the price for the product. Dekpol Steel has a vision to convince the customer that the price is not everything and that well-chosen equipment, quality of workmanship and the material that is used for production are also important. Dekpol Steel also supplies accessories to dealers in our country. Dekpol Steel gained the trust of majority of companies in this industry, for whom quality, speed of action and the partnership approach to business are crucial. The company meets all these criteria. According to internal estimates, Dekpol Steel is a leader on the Polish market. It produces accessories for all major machine dealers, such as Volvo, CAT and Komatsu. It also increases sales to individual customers. Estimated market share with division to dealers and individual customers is: 70% share for dealers and 30% share for individual customers.



When it comes to the foreign market, Dekpol Steel operates mainly on the aftermarket. It provides equipment to companies that have their own brand and history, but no longer want to manufacture, but sell their products. From 2020, Dekpol Steel changes its policy and intends to increase recognition of the Dekpol Steel brand on foreign markets. The first countries where it wants to develop direct sales are France, Germany and Great Britain. In addition, the company produces accessories for OEM customers (for the first assembly directly to the factory). Here, the quality and timeliness of deliveries are very important to the customer. The company (both Dekpol Steel and the Issuer, before transfer of the organized part of the enterprise) have already passed many audits related to production of accessories for OEM customers. Dekpol Steel estimates its share in the foreign market at approx. 3%.

The entire Polish and European market felt situation with COVID, but there is still a very large sales potential. According to information that Dekpol Steel obtained from its OEM and aftermarket customers during COVID pandemic, the market of accessories for construction machines decreased by between 25 and 30%. Dekpol Steel is not slowing down and acquires new customers, thus increasing its position on the market.

### **5.3. BASIS OF ALL DECLARATIONS OF THE ISSUER CONCERNING ITS COMPETITIVE POSITION.**

The issuer did not carry out any research aimed at determination of its competitive position on the domestic market. When assessing its competitive position as well as markets in which it operates, the Issuer relies on the following articles / sources:

- statistical information and GUS reports "Market conditions in manufacturing, construction, trade and services" and "Construction and assembly production" - in the field of information on the housing market;
- Report of AXI IMMO „Polish Warehouse Market in the first half of 2020" in the field of information on the warehouse market in Poland;
- Reports of JLL „Housing market in Poland" in the field of information on the housing market in Poland;
- Reports of NBP „Real-estate market - Quarterly information" in the field of information on the housing market in Poland;
- Current and periodical reports of listed real-estate development companies in the field of information on sales of apartment.

## **6. ORGANIZATIONAL STRUCTURE**

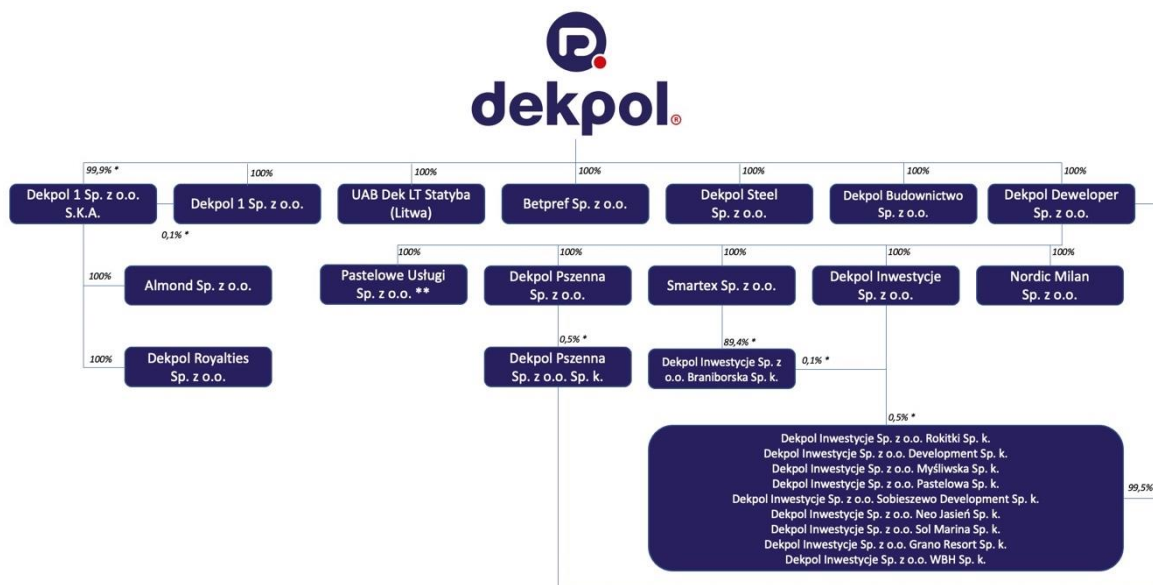
### **6.1. The Issuer's Group**

As at Prospectus Date, the Issuer's Capital Group was composed of the Issuer as the parent entity and the Issuer's direct or indirect subsidiaries. All companies listed below are consolidated by use of full method.



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The organizational structure of the Issuer's Capital Group is presented in the diagram below:



\* Amount of share in the company's profits and losses

\*\* as at Prospectus Date, the company was not entered into the National Court Register and remains a limited liability company in organization

Operating activities of the Capital Group are conducted by subsidiaries.

### 6.1.1. Issuer's business activities

The Issuer acts as the holding company managing the Capital Group and provides services to entities from Issuer' Group. Due to the fact of conducting operational activities in the field of general contracting until 31<sup>st</sup> of December 2020, the Issuer remains responsible for liabilities under concluded contracts, to the extent where the consent of contractors was not obtained for taking over of these liabilities by the subsidiary Dekpol Budownictwo Sp. z o.o.

### 6.1.2. General contracting activities

Business activities in the field of general contracting, starting from 1<sup>st</sup> of January 2021, are carried out by Dekpol Budownictwo Spółka z ograniczoną odpowiedzialnością (the Issuer owns 100% of the subsidiary's shares).

Previously, this business activity was carried out by Dekpol S.A., with effect on 1<sup>st</sup> of January 2021 it was transferred to a subsidiary by means of an in-kind contribution of an organized part of the enterprise, covering business activities of General Contracting Department. The organized part of the enterprise was organizationally, functionally and financially separated in internal structure of Dekpol S.A. a set of intangible and tangible assets intended for business



activities, including, in particular, comprehensive implementation of investments in the field of construction and assembly works on behalf of investors.

### 6.1.3. Real-estate development activities

Real-estate development activities are carried out by Dekpol Developer Spółka z ograniczoną odpowiedzialnością (the Issuer owns 100% of the company's shares) and its subsidiary special purpose vehicles - limited liability companies or limited partnerships.

This business activity, previously carried out by Dekpol S.A., was transferred in the form of an in-kind contribution of an organized part of the enterprise to the indicated subsidiary with effect as of 1<sup>st</sup> of January 2019. The organized part of the enterprise was organisationally, financially and functionally separated in the organizational structure of the Issuer, a set of tangible and intangible components used to conduct and service the real-estate development activities of the Company and entities from the Issuer's Capital Group. Indicated part of the enterprise functioned as Real-estate Development Department and performed tasks including preparation and execution of property development projects, sales of properties, design and implementation of finishing works as well as after-sales service.

Individual projects are implemented by subsidiaries - special purpose vehicles:

- 1) Dekpol Pszena Sp. z o.o. Sp.k. – a special purpose company established to carry out the property development investment under the name Grano Hotel and Grano Residence in Gdańsk at ul. Pszena;
- 2) Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k. – a special purpose company established to carry out the property development investment under the name Pastelowa in Gdańsk;
- 3) Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k. – a special purpose company established to carry out the property developments in Rokitki and Śliwiny near Tczew;
- 4) Dekpol Inwestycje Sp. z o.o. Development Sp. k. – a special purpose vehicle established to implement smaller property development investments, including in Jurata, Hel and Gdańsk;
- 5) Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k. – a special purpose company established to carry out the property development investment in Wrocław;
- 6) Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k. – a special purpose company established to carry out the property development investment under the name Foresta in Gdańsk;
- 7) Dekpol Inwestycje Sp. z o.o. Grano Resort Sp. k. - a special purpose company established to carry out the property development investment in Gdańsk on Sobieszewska Island;
- 8) Dekpol Inwestycje Sp. z o.o. WBH Sp. k. - a special purpose company established to carry out the investment in Warszawa, on the property at ul. Prądzyńskiego 21;
- 9) Dekpol Inwestycje Sp. z o.o. Neo Jasień Sp. k. (formerly Dekpol Inwestycje Sp. z o.o. Osiedle Zielone Sp. k.) - a special purpose company established to carry out the property development investment under the name Neo Jasień in Gdańsk;
- 10) Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k. - a special purpose company established to carry out the property development investment in Wiślina;



## PROSPECTUS OF DEKPOL S.A.

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- 11) Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp. k. - a special purpose company established to carry out smaller property development investments in Gdańsk on Sobieszewska Island (e.g. Villa Neptun);
- 12) Nordic Milan Sp. z o.o. - the company has completed the property development investment Eco Milan in Milanówek;
- 13) Pastelowe Usługi Sp. z o.o. – a company established for the purpose of implementation of an investment with a service profile in Gdańsk (the company established on 8<sup>th</sup> of April 2021, as at the date of publication of the report, the company remains in organization and has not yet been entered into the Register of Entrepreneurs of the KRS)

Dekpol Deweloper Sp. z o.o. is the only limited partner of the special purpose vehicles specified in items 1) - 4) and 6) - 11) above, as well as the sole partner of the companies specified in items 12) and 13).

Partners for Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k. (point 5) above) are:

- Dekpol Inwestycje Sp. z o.o. (general partner with a profit and loss share of 0.1%),
- Smartex Sp. z o.o. (limited partner with profit and loss share of 89.4%),
- a natural person not related to the Issuer in any other way (limited partner with a profit and loss share of 10.5%).

Subsidiaries of Dekpol Deweloper Spółka z ograniczoną odpowiedzialnością (Dekpol Deweloper holds 100% of the shares of these companies) are also:

- 1) Smartex Sp. z o.o. – limited partner of a special purpose vehicle established to carry out a property development investment in Wrocław at ul. Braniborska - Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k;
- 2) Dekpol Pszenna Sp. z o.o. – general partner of a special purpose vehicle established to carry out a property development investment at ul. Pszenna in Gdańsk;
- 3) Dekpol Inwestycje Sp. z o.o. – general partner of limited partnerships indicated in items 2) -11) above.

### 6.1.4. Production activity

Production activity is carried out by Dekpol Steel Spółka z ograniczoną odpowiedzialnością and Betpref Spółka z ograniczoną odpowiedzialnością. Dekpol S.A. holds 100% of the shares of the above indicated companies.

Dekpol Steel Spółka z ograniczoną odpowiedzialnością acquired through in-kind contribution with effect as of 1<sup>st</sup> of January 2020, an organized part of existing enterprise of Dekpol S.A., including a set of tangible and intangible assets of Dekpol S.A., separated in terms of organization, functionality and finance, including in particular production and sales of buckets and accessories for construction machines, which an organized part of the enterprise constituted a separate department within structures of Dekpol S.A. operating under the name "Buckets Production Department".

Betpref Spółka z ograniczoną odpowiedzialnością, starting from 2018, runs a factory for production of precast concrete elements in Toruń.



### 6.1.5. Remaining entities from Dekpol Capital Group

Dekpol S.A. is also a partner of the Group's Entities performing functions other than operating activities:

- 1) Almond Spółka z ograniczoną odpowiedzialnością - a company owning real-estate property in Gdańsk at ul. Toruńska 12 (Hotel Almond),
- 2) Dekpol Royalties Spółka z ograniczoną odpowiedzialnością,
- 3) Dekpol 1 Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna – the entity owning 100% of shares of the companies indicated in items 1) and 2) above and other property rights,
- 4) Dekpol 1 Spółka z ograniczoną odpowiedzialnością – general partner of the company indicated in point 3) above (100% of the company's shares are held by the Issuer),
- 5) UAB DEK LT Statyba – the entity established for supporting of construction activities of the Issuer. in Lithuania and for managing of future contracts in general contracting activities performed in Lithuania (100% of the company's shares are held by the Issuer).

As at Prospectus Date, the Issuer implements process, under which there will be a merger by acquisition pursuant to Art. 492 § 1 point 1 of the Commercial Companies Code of Dekpol Royalties Sp. z o.o., Dekpol 1 Sp. z o.o. S.K.A. and Dekpol 1 Sp. z o.o. (acquired companies) with Dekpol Developer Sp. z o.o. as acquiring company. As a result of the merger, Dekpol Developer Sp. z o.o. will enter, on the basis of general succession, in all rights and obligations of acquired companies, and acquired companies will be dissolved without liquidation proceedings on the day the merger is registered in Register of Entrepreneurs of the National Court Register.

The merger is a continuation of the Group's reorganization processes referred to in point 4.4 Part III of Prospectus. The merger plan has been published on the website at:

[https://dekpole.pl/wp-content/uploads/2021/03/Dekpol\\_Developer\\_plan\\_polaczenia\\_31.03.2021.pdf](https://dekpole.pl/wp-content/uploads/2021/03/Dekpol_Developer_plan_polaczenia_31.03.2021.pdf)

## 6.2. IF THE ISSUER IS DEPENDENT ON OTHER ENTITIES WITHIN THE GROUP, IT SHOULD BE CLEARLY INDICATED, ALONG WITH AN EXPLANATION OF THIS RELATIONSHIP

The Issuer is not dependent on other entities within the Capital Group.

## 6.3. OTHER ENTITIES PARTICIPATING IN ENTITIES FROM THE ISSUER'S GROUP

Entities from the Issuer's Group also participate as partners of the following entities, not belonging to the Issuer's Group (associated companies):



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- 1) Mineral Group Spółka z ograniczoną odpowiedzialnością – the entity established to conduct activities related to exploration and mining of mineral resources. The entity from the Group - Dekpol Deweloper Sp. z o.o. holds 50 out of 101 shares in share capital of this company (amounting to PLN 5,000).
- 2) Dekpol 1 SPV Spółka z ograniczoną odpowiedzialnością – the entity established by Dekpol S.A. for implementation of investment projects together with a subsidiary of the President of the Management Board, OMT Holding Spółka z ograniczoną odpowiedzialnością. Dekpol S.A. holds 49 out of 100 shares in share capital of this company (amounting to PLN 5,000).

Associated companies are valued by use of the equity method.

## 7. INFORMATION ABOUT TENDENCIES

### 7.1. INFORMATION ABOUT TENDENCIES

Management Board declares that from the end of the last reporting period for which was published audited by statutory auditor financial information, i.e. on 31<sup>st</sup> of December 2019, there were no significant changes in Issuer's perspectives, except for circumstances described in point 5.1.5 "Impact of the COVID-19 pandemic on business activities of the Dekpol Group" in Part III of the Prospectus - "Registration Document".

Significant changes in financial results from the end of the last reporting period as at 31<sup>st</sup> of December 2019 are described below:

#### Balance

Current assets decreased by PLN 69.1 million (-9.7%) compared to the end of 2019, their value as at 30<sup>th</sup> of September 2020 amounted to PLN 646.7 million. The biggest changes concern inventories, which amounted to PLN 249.6 million as at 30<sup>th</sup> of September 2020 (decrease by PLN 120.1 million, -32.5%), which is related to handover of apartments to buyers in completed investments in Q1-3 2020, and receivables under contracts with customers, the balance of which decreased by PLN 17.8 million (-26.8%) compared to the end of 2019 and amounted to PLN 48.7 million as at 30/09/2020. In turn, the biggest increase recorded trade receivables, the balance of which as at 30/09/2020 amounted approximately PLN 223.7 million, which is by PLN 66.4 million (+ 42.2%) compared to 2019.

As at 30<sup>th</sup> of September 2020, the value of equity amounted to PLN 286.8 million (increase in equity by PLN 44.5 million (+ 18.8%) as a result of positive net profit in Q1-3 2020), and its share in liabilities structure of the Issuer amounted to 32.5% and was higher by 7.1 pp compared to 31<sup>st</sup> of December 2019.

Long-term liabilities decreased from PLN 197.1 million at the end of 2019 to PLN 109.8 million as at 30<sup>th</sup> of September 2020 (decrease by PLN 87.3 million, -44.3%), which was mainly the result of decrease in loans, long-term loans and debt instruments by PLN 83.3 million (-57.4%) to PLN 61.7 million at the end of September 2020.



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In short-term liabilities, the largest changes concerned trade liabilities, which decreased from PLN 339.7 million at the end of 2019 to PLN 257.4 million as at 30/09/2020, which means decrease by PLN 82.3 million (-24, 2%) (including customer prepayments for apartments by PLN 95 million, which is related to handover of apartments to buyers in completed investments in Q1-3 2020). The balance of loans, borrowings and short-term debt instruments increased from PLN 142.4 million to PLN 172.4 million at the end of September 2020 (increase by PLN 30 million, + 21.1%), which is related to shifting of some items from long-term category.

### Income statement

In 1-3Q 2020, the Issuer generated PLN 746.0 million in sales revenues, which means increase by 16% compared to the same period of 2019 (PLN 611.7 million). General administrative and sales costs in Q1-3 2020 amounted to PLN 40.2 million, which means increase by PLN 14.9 million (+ 58.9% y / y) compared to Q1-3 2019. The Group generated PLN 65,6 millions of profit, compared to PLN 37.5 million in Q1-3 2019, which means an increase of 74.9% y / y. The main reason for increase in revenues and operating profit was significant increase in results of real-estate development activities - an increase in revenues from PLN 112.7 million to PLN 258.2 million (+ 129% y / y) with operating margin of 15.5% vs. 5.7% (+9.8 pp) in 1-3Q 2019. In three quarters of 2020, the Group recognized sales of 571 apartments in financial result, compared to 372 apartments in the same period of previous year (+ 53.5% y / y), including prestigious Grano project with a square meter price worth several thousands of PLN. Production of accessories for construction machines (Dekpol Steel) was slightly worse, with decrease in revenues from PLN 72 million to PLN 56.7 million in 1-3Q 2020 (-21.5% y / y) and operating profit of PLN 9.2 million can be seen to PLN 5.7 million in Q1-3 2020 (-38% y / y), which is related to the slowdown visible in March-April 2020, caused by pandemic. Net profit in Q1-3 2020 amounted to PLN 44.5 million and was 84% higher than in Q1-3 2019 (PLN 24.2 million).

### Cash-flow statement

Cash flows from operating activities in 1-3Q 2020 amounted to PLN 73.5 million, which is the result higher by PLN 16.7 million (+ 29.4% y / y) than in 1-3Q 2019, which is result of profit achieved in 2020 and the positive change in working capital. Cash flows from investing activities in Q1-3 2020 amounted to PLN -3.5 million (PLN -34.1 million in Q1-3 2019, decrease by nearly 90% y / y) and were related to capital expenditures for acquisition of property, plant and equipment (increased value in previous year is related to acquisition of investment properties for PLN 27 million). Cash flows from financing activities amounted to PLN -65 million in Q1-3 2020, mainly due to repayment of financial liabilities (loans and bonds). In 1-3Q 2019, cash flows from financial activities amounted to PLN +48.4 million, which was mainly related to acquisition of new loans.





## **7.2. INFORMATION ABOUT ANY KNOWN TRENDS, UNCERTAIN ELEMENTS, DEMANDS, LIABILITIES OR EVENTS WHICH, UNDER ANY LIKELIHOOD, MAY HAVE A SIGNIFICANT IMPACT ON ISSUER'S PERSPECTIVES DURING AT LEAST CURRENT FINANCIAL YEAR.**

Future results of the Issuer and the Group will depend on success in implementation of development strategy and investment plan specified in the strategy of Dekpol Capital Group.

Internal factors influencing results of the Company and the Group in the following periods will be:

- acquisition of new construction contracts and their timely implementation,
- further extension of production plant for manufacture of accessories for construction machines,
- on-time delivery of products and maintaining their high quality,
- smooth obtaining of construction permits for real-estate development investments,
- timely implementation of property development projects,
- appropriate sales policy for premises in terms of prices, surface structure and expanding the services offered to clients (assistance in finding financing, design services, finishing services, troubleshooting),
- developing cooperation with financial institutions, which is to provide the Company with access to capital enabling the implementation of its objectives,
- implementation of current projects.

In addition, an impact on the achieving results will also have external and macroeconomic factors such as the overall condition of the Polish economy, inflation, GDP growth, tax policy, interest rates, investment level, demand on the domestic market, exchange rates, government programs supporting the development of housing, the level of prices of construction materials and services, the availability of qualified employees, and the level of wages. GDP growth, wealth of the society and the development of enterprises have an impact on the increase in demand for construction services both in the field of housing and industrial construction. All this has a positive impact on the financial results of the Issuer and its Capital Group.

It should also be noted that COVID-19 pandemic, which in 2020 spread around the world, and its negative impact affected many countries, will have an impact on results achieved in the perspective of at least next quarters. Although this situation continued to change as of Prospectus Date, it appears that the negative impact on global trade and the Group may be more severe than expected at the beginning of pandemic (Q2 2020) due to temporary reduction in functioning of individual global economies (lockdown). Exchange rates fluctuated, stock prices fluctuated and commodity prices fluctuate. As the situation continues to develop, the Issuer believes that it is not possible to provide quantitative



estimates of potential impact of current situation on the Group. The possible impact will be included in the next periodical reports.

At the same time, it should be noted that situation related to COVID virus may also have a positive impact on Group's business operations. Recently has been observed the change in approach of international entities to issues related to diversification of their business activities. It is the activity aimed at securing of supply chains that have been broken or paralyzed during lockdown. The company sees an opportunity in this respect, through perspective of transferring by these entities, whether production or new investments, e.g. from the area of logistics projects, to Poland. Impact of COVID may also be reflected in approach to e-commerce area, which is now even more important.

## 8. PROFIT FORECASTS OR ESTIMATES

The Issuer did not include or publish any forecasts or estimated results in Prospectus.

## 9. ADMINISTRATIVE, MANAGING AND SUPERVISING BODIES

### 9.1. ISSUER'S MANAGEMENT BOARD

As at Prospectus Date, the Issuer's Management Board consists of two people:

President of Management Board	Mariusz Tuchlin
Vice-President of Management Board	Katarzyna Szymczak-Dampc

The place of performance of duties by members of Issuer's Management Board is Issuer's headquarter.

#### 9.1.1. Mariusz Tuchlin

Mariusz Tuchlin is the President of Issuer's Management Board. The first appointment of Mariusz Grzegorz Tuchlin to Issuer's Management Board took place on 11<sup>th</sup> of April 2014, i.e. on the date of Issuer's entry to the National Court Register.

Mariusz Tuchlin is the founder of the Issuer. From 1993, he independently performed business activities and in December 2007 made an in-kind contribution of the enterprise to Dekpol Spółka z ograniczoną odpowiedzialnością, and took position of the President of Management Board. Along with development of the Issuer's business operations, Mariusz Tuchlin also held positions in management boards of Issuer's Group entities - Almond Sp. z o.o. (formerly Dekpol Infrastruktura Sp.z o.o.) and Dekpol 1 Sp. z o.o.

**Tasks performed outside the Issuer's company of significant importance for Issuer's Group:**



Since 2015, President of Issuer's Management Board runs, through its subsidiaries, business activities in the field of hotel and catering, management and rental of real-estate properties, as well as vehicles rental. In the course of this business activities, the President of Issuer's Management Board performed the following tasks for entities from the Issuer's Group, which were of significant operational importance.

#### **9.1.1.1. Cooperation in commercialization of the Hotel Number One in Gdańsk**

A subsidiary of the President of Issuer's Management Board - City Apart Management Spółka z ograniczoną odpowiedzialnością with its registered office in Pinczyn, acts as operator of a hotel facility in Gdańsk, built by the Issuer in the condohotel formula. Indicated company participated in commercialization of the hotel facility; on the basis of agreement concluded with the Issuer, City Apart Management Sp. z o.o. was obliged to conclude lease agreements with Issuer's clients - buyers of commercial premises (hotel apartments) created as a part of investment, in accordance with standardized lease agreement model and on commercial terms uniform for all buyers (e.g. providing for payment of proportional rent, depending on revenues from hotel services and possible additional rent, in the event that proportional rent paid in a given calendar year does not reach the assumed amount, defined in proportion to selling price of premises).

In exchange for services provided, the Issuer paid City Apart Management Sp. z o.o. lump sum remuneration. Remuneration paid by the Issuer to the subsidiary of President of Management Board did not exceed 5% of total assets within the meaning of the Accounting Act of 29<sup>th</sup> of September 1994, determined on the basis of the last approved financial statement of the Issuer on that time or consolidated financial statement of Issuer's Group (i.e. for financial year ended on 31<sup>st</sup> of December 2017).

In addition, City Apart Management Sp. z o.o. purchased from the Issuer commercial premises functionally related to hotel activities (including a lobby, restaurant, kitchen, SPA and swimming pool zones), located in the object of Hotel Number One.

#### **9.1.1.2. Cooperation in commercialization of the Grano Hotel in Gdańsk**

A subsidiary of the President of Issuer's Management Board - City Apart Management Pszenna Spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Pinczyn, acts as the operator of a hotel facility in Gdańsk, built in the condohotel formula by the entity from the Issuer's Group - Dekpol Pszenna Spółka z ograniczoną odpowiedzialnością spółka komandytowa.

City Apart Management Pszenna Sp. z o.o. sp. k. participated in commercialization of the hotel facility; on the basis of an agreement concluded with the Entity from Issuer's Group, it was obliged to conclude lease agreements with customers of Issuer's Group Entity - buyers of commercial premises (hotel apartments) created as a part of investment, in accordance with standardized lease agreement template and on uniform commercial terms for all buyers (inter alia, providing for payment of proportional rent, depending on revenues from hotel



services and possible additional rent, in the event that proportional rent paid in a given calendar year does not reach the assumed amount, defined in proportion to selling price of premises).

In exchange for services provided, the entity from the Issuer's Group - Dekpol Pszena Sp. z o.o. sp. k. will pay City Apart Management Pszena Sp. z o.o. sp. k. a flat-rate remuneration. Remuneration paid by the Issuer to subsidiary of the President of Management Board will not exceed 5% of total assets within the meaning of the Accounting Act of 29<sup>th</sup> of September 1994, determined on the basis of the last approved financial statement of Issuer's subsidiary - Dekpol Pszena Sp. z o.o. sp. k. (i.e. for financial year ended on 31<sup>st</sup> of December 2019).

In addition, City Apart Management Pszena Sp. z o.o. sp. k. will purchase from the entity from the Issuer's Group service premises functionally related to hotel activities (including lobby, restaurant, kitchen, SPA and swimming pool zones), located in the object of the Grano Hotel.

#### **9.1.1.3. Lease of hotel facility Hotel Almond in Gdańsk and general contracting of investment in Gdańsk**

On 4<sup>th</sup> of August 2020, the subsidiary of the President of Management Board - OMT Holding Spółka z ograniczoną odpowiedzialnością acquired all shares of City Hotel Management Spółka z ograniczoną odpowiedzialnością with its registered office in Warszawa - the entity being a party of the lease agreement (lessee) of the Almond Hotel facility in Gdańsk at ul. Toruńska concluded with its owner, the entity from the Issuer's Group - Almond Spółka z ograniczoną odpowiedzialnością.

In connection with acquisition of shares in City Hotel Management Spółka z ograniczoną odpowiedzialnością, President of Management Board also obtained indirect control over company's 20% of shares in Flex Gdańsk BCL Spółka z ograniczoną odpowiedzialnością. Flex Gdańsk BCL Spółka z ograniczoną odpowiedzialnością is a party (ordering party) to the agreement concluded with the Issuer in July 2019 for general contracting of a facility in Gdańsk. Agreement is not of material nature within the meaning of point 13.1 of Part I of this Prospectus.

#### **9.1.1.4. Investment project**

The Issuer, together with a subsidiary of the President of Management Board - OMT Holding Spółka z ograniczoną odpowiedzialnością, established a company under the name of Dekpol 1 SPV Spółka z ograniczoną odpowiedzialnością, in which 49% of shares belong to the Issuer and 51% of shares to OMT Holding Sp. z o.o.

The company was established to purchase real-estate property in Swarżyn and then to implement an investment project - a commercial facility.



#### 9.1.1.5. Cooperation in commercialization of the Grano Marina hotel facility in Wiślinka near Gdańsk

A subsidiary of the President of Issuer's Management Board - City Apart Management Sol Marina Spółka z ograniczoną odpowiedzialnością with its registered office in Pinczyn will act as the operator of a hotel facility in Wiślinka near Gdańsk, built in the condohotel formula by the entity from the Issuer's Group - Dekpol Inwestycje Spółka z ograniczoną odpowiedzialnością Sol Marina Spółka komandytowa.

City Apart Management Sol Marina Sp. z o.o. participates in commercialization of a hotel facility; on the basis of agreement concluded with the Entity from Issuer's Group, it is obliged to conclude lease agreements with clients of Issuer's Group Entity - buyers of commercial premises (hotel apartments) created as a part of investment, in accordance with standardized lease agreement template and on uniform commercial terms for all buyers (inter alia, providing for payment of proportional rent, depending on revenues from hotel services and possible additional rent, in the event that proportional rent paid in a given calendar year does not reach assumed amount, defined in proportion to selling price of premises).

In exchange for services provided, the entity from Issuer's Group - Dekpol Inwestycje Sp. z o.o. Sol Marina sp. K. will pay City Apart Management Sol Marina Sp. z o.o. a flat-rate remuneration. Remuneration paid by the Issuer to the subsidiary of the President of Management Board will not exceed 5% of total assets within the meaning of the Accounting Act of 29<sup>th</sup> of September 1994, determined on the basis of the last approved financial statement of Issuer's subsidiary - Dekpol Inwestycje Sp. z o.o. Sol Marina sp.k. (i.e. for financial year ended on 31<sup>st</sup> of December 2019).

In addition, City Apart Management Sol Marina Sp. z o.o. will purchase from the entity from the Issuer's Group service premises functionally related to hotel activities (including a lobby, restaurant, kitchen, SPA and swimming pool zones), located in the object of the Hotel Grano Marina.

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President of Issuer's Management Board does not perform apart from Issuer's company any other tasks which are important for the Issuer,

President of Management Board of the Issuer also does not conduct any competitive business activity against the Issuer.

#### 9.1.2. Katarzyna Szymczak-Dampc

Katarzyna Szymczak-Dampc is the Vice-President of Management Board of the Issuer and also Financial Director of the Capital Group. Katarzyna Szymczak-Dampc started working for the Issuer in August 2019, taking position of Issuer's Financial Strategy Director. The first appointment of Katarzyna Szymczak-Dampc to Management Board took place on 1<sup>st</sup> of January 2020.



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Katarzyna Szymczak-Dampc is a graduate of the Faculty of Management, majoring in Management and Marketing at the University of Gdańsk. She also completed postgraduate studies in real-estate management at the Faculty of Management and Economics of Gdańsk University of Technology.

In years 2005 - 2019, Vice-President of Management Board was associated with NDI S.A. Group, where she held positions ranging from analyst to director of financial department and deputy director of financial division. She has many years of professional experience in area of finance, including management of credit, currency, guarantee and insurance risk, she had the opportunity to create and participate in implementation of new robotization solutions and process automation in the area of finance and accounting. She completed many trainings, including in the field of business management, project team management, public procurement law. She had an opportunity to participate, either directly or indirectly, in implementation of flagship construction projects both in Poland and abroad. In the period from May 2009 to August 2010, Katarzyna Szymczak-Dampc was Finance & Administration Manager and Member of Management Board at Al. Oboor for Dev. And Const. Emirates LLC based in the United Arab Emirates.

Katarzyna Szymczak - Dampc is also a board member of the ICV (International Controller Verein) working group in Pomerania.

**Tasks performed outside the Issuer's company of significant importance for Issuer's Group:**

Vice-President of Issuer's Management Board does not perform any tasks that are significant for the Issuer outside of Issuer's enterprise, and does not conduct any activity competitive to the Issuer's business activity.

## 9.2. SUPERVISORY BOARD

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

The place of performance of duties by members of Issuer's Supervisory Board is Issuer's headquarter.

### 9.2.1. Roman Suszek

Roman Suszek is the Chairman of Issuer's Supervisory Board. The first appointment of Roman Suszek to Supervisory Board of the Issuer took place on 11<sup>th</sup> of April 2014, i.e. on the date of Issuer's entry to the National Court Register.

Roman Suszek graduated in law from the University of Gdańsk, Faculty of Law and Administration. Since 2004, Roman Suszek has been practicing as a counsel at law in the Roman Suszek Legal Advisory Office in Gdańsk, where he provides services to entrepreneurs and public entities. In the years 2012-2020, Roman Suszek also served as a representative in Pannonia Bio Zártkörűen Működő Részvénytársaság (Joint Stock Company, formerly



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Pannonia Ethanol Zártkörűen Működő Részvénytársaság) with its headquarter in Budapest, Hungary - Branch in Poland with its office in Gdańsk.

### **Tasks performed outside the Issuer's company of significant importance for Issuer's Group:**

Chairman of Issuer's Supervisory Board does not perform any tasks that are significant for the Issuer outside of Issuer's enterprise, and does not conduct any activity competitive to the Issuer's business activity.

### **9.2.2. Jacek Grzywacz**

Jacek Grzywacz is Vice- Chairman of Issuer's Supervisory Board. The first appointment of Jacek Grzywacz to Supervisory Board of the Issuer took place on 11<sup>th</sup> of April 2014, i.e. on the date of Issuer's entry to the National Court Register.

Jacek Grzywacz graduated from the Silesian University of Technology in Katowice, at the Faculty of Organization and Management, specializing in Economics, Finance and Marketing in Enterprises, with a Master's degree in organization and management engineering. In addition, the Vice-Chairman of Supervisory Board completed the Study for Financial Directors " Financial Management of Companies " organized by the Privatization Center Foundation - Business Development Institute, under which he obtained, among others knowledge in the field of accounting and finance. As a part of his over twenty years of professional career, he has performed and continues to perform activities in the field of economic and financial consulting, related to restructurisation, valuation and due diligence of enterprises, financial liquidity management, corporate credit policy management, financial controlling, financial analysis of investment projects. The main scope of Jacek Grzywacz's activity was and is the assessment of financial statements of various entities as well as acquisition and analysis of financial and accounting data and, on this basis, presenting applications / recommendations to Management Boards / Supervisory Boards / Owners. In the years 1999-2010, the Vice-Chairman of Supervisory Board acted as a staff member of other organizations, and from December 2009, as part of JKG Finanse Spółka z ograniczoną odpowiedzialnością, of which he is a partner and president of management board.

Jacek Grzywacz is also the chairman of Supervisory Board of S&A S.A. and Member of Supervisory Board: MC COMP S.A. and PTWP S.A. He was also a member of Supervisory Boards in the following entities: Sento S.A., Agito S.A., APN Promise Sp. z o.o. (in the years 2009 - 2010) and Esotiq & Henderson S.A. (in the years 2013 - 2020). As a member of supervisory boards, Jacek Grzywacz also gained additional experience and skills in the field of verification of accounting data.

### **Tasks performed outside the Issuer's company of significant importance for Issuer's Group:**

Vice-Chairman of Issuer's Supervisory Board does not perform any tasks that are significant for the Issuer outside of Issuer's enterprise, and does not conduct any activity competitive to the Issuer's business activity.

### **9.2.3. Jacek Kędzierski**



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Jacek Kędzierski is a Member of Issuer's Supervisory Board. The first appointment of Jacek Kędzierski to Supervisory Board of the Issuer took place on 30<sup>th</sup> of June 2014.

Jacek Kędzierski graduated from the University of Gdańsk with a master's degree in Economic Cybernetics and Computer Science with a specialization in Data Processing and Accounting. Moreover, a member of the Supervisory Board is a graduate of postgraduate studies at the Institute of Legal Sciences of the Polish Academy of Sciences in Warsaw in the field of Information Security Administrator. Jacek Kędzierski has been running a business since 1992; as part of it, he has provided financial and accounting advisory services to entrepreneurs (until 2018), and since 2016 he has been focusing on services in the field of personal data protection as a part of a civil partnership run together with the Member of the Supervisory Board - Grzegorz Wąsacz. Jacek Kędzierski acts as a data protection officer in various entities.

Jacek Kędzierski, as a Member of Issuer's Supervisory Board, also serves as the Chairman of the Issuer's Audit Committee.

**Tasks performed outside the Issuer's company of significant importance for Issuer's Group:**

Member of Issuer's Supervisory Board does not perform any tasks that are significant for the Issuer outside of Issuer's enterprise, and does not conduct any activity competitive to the Issuer's business activity.

### 9.2.4. Grzegorz Wąsacz

Grzegorz Wąsacz is a Member of Issuer's Supervisory Board. The first appointment of Grzegorz Wąsacz to Supervisory Board of the Issuer took place on 7<sup>th</sup> of March 2017.

Grzegorz Wąsacz graduated from Law at the University of Rzeszów, and as a part of the LLP-Erasmus program, he also studied at the Universität Bielefeld. Member of Supervisory Board is also a graduate of postgraduate studies organized by the Institute of Legal Sciences of the Polish Academy of Sciences in the field of Performing the functions of Information Security Administrator and Data Protection Officer. In the years 2012-2017, Grzegorz Wąsacz was an analyst and consultant in entities providing financial, legal and consulting services. Since 2016, he has been providing services in the field of data protection as a part of a civil law partnership run together with the Member of the Supervisory Board – Mr. Jacek Kędzierski,

**Tasks performed outside the Issuer's company of significant importance for Issuer's Group:**

Member of Issuer's Supervisory Board does not perform any tasks that are significant for the Issuer outside of Issuer's enterprise, and does not conduct any activity competitive to the Issuer's business activity.

### 9.2.5. Wojciech Sobczak

Wojciech Sobczak is a Member of Issuer's Supervisory Board. The first appointment of Wojciech Sobczak to Supervisory Board of the Issuer took place on 28<sup>th</sup> of May of 2018.





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Wojciech Sobczak is a graduate of the Kazimierz Wielki University in Bydgoszcz, where he graduated with a master's degree in social sciences. The career of a Supervisory Board Member to date has been related to financial services sector and capital market. Between years 1990-2007, Wojciech Sobczak was employed in Bankowy Dom Maklerski Powszechna Kasa Oszczędności Banku Polskiego S.A., in positions from securities broker to advisor of director.

Starting from 2007, Wojciech Sobczak was a Member of Management Boards of few companies, including public companies. Since 2017, he has been President of Management Board of Netwise S.A. - a company listed on NewConnect market.

Wojciech Sobczak also held positions in Supervisory Boards, including of public companies: a member of EC Będzin S.A. (2017 - 2020), chairman of (2001 - 2012) Skotan S.A., chairman of (2010 - 2013) Makrum S.A. (Immobilie S.A.), chairman of (2001-2007) of Alchemia S.A., member of board: Protektor SA (2010 - 2011 and 2017 - present), member of board of Braster S.A. (2014 - 2015) and Sfinks S.A. (2015 - 2016).

### **Tasks performed outside the Issuer's company of significant importance for Issuer's Group:**

Member of Issuer's Supervisory Board does not perform any tasks that are significant for the Issuer outside of Issuer's enterprise, and does not conduct any activity competitive to the Issuer's business activity.

### **9.2.6. Audit Committee of Supervisory Board and internal control with regards to financial reporting system**

Audit Committee operates within Supervisory Board, which is an internal committee of Supervisory Board established on the basis of its resolution. The Audit Committee is composed of:

President of the Audit Committee	Jacek Kędziński
Member of the Audit Committee	Jacek Grzywacz
Member of the Audit Committee	Roman Suszek

Members of the Audit Committee meet criteria set out in Art. 129 sec. 1 and sec. 5 of the Act on Statutory Auditors. Jacek Grzywacz, member of the Audit Committee, has knowledge and skills in the field of accounting or auditing of financial statements. All Members of the Audit Committee, in certain areas, have knowledge and skills in industries in which the Issuer and the Issuer's Group entities operate.

Members of the Audit Committee, Jacek Kędziński and Roman Suszek, meet criteria of independent members within the meaning of the Act on Statutory Auditors.

The Audit Committee performs functions specified in the Act on Statutory Auditors, Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC and in Regulations of the Audit Committee adopted by a resolution of Supervisory Board.



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The competences of the Audit Committee are stipulated to:

- 1) monitoring of:
  - a. financial reporting process,
  - b. effectiveness of internal control systems, risk management and internal audit including in the field of financial reporting,
  - c. performance of financial audit, especially carrying out by auditory company of an audit, including all requests and findings of Komisja Nadzoru Audytowego (previously Komisja Nadzoru Audytowego) resulting from control performed in auditory company;
- 2) controlling and monitoring of remuneration of statutory auditor and auditory company, especially in case, when for the benefit of the Company are served by auditory company other services than audit;
- 3) Informing of Supervisory Board about results from audit and explanations, in which way audit contributed to reliability of financial reporting of the Company, and also what was the role of the Audit Committee in audit process;
- 4) Evaluation of independency grade of statutory auditor and expressing a consent on serving by him of possible non-audit services on behalf of the Issuer;
- 5) Presentation of recommendations aiming ensuring reliability of financial reporting process of the Issuer.

Audit Committee performs its duties regularly by analyzing the Group's data on an ongoing basis. The basic form of operation and performance of duties by Audit Committee are meetings (with stationary or remote participation), including meetings organized by Entities from the Issuer's Group. Meetings of the Audit Committee are attended, in accordance with demand reported by the Committee, by members of the personnel of Issuer's Group Entities, who provide required information on business operations of Issuer's Group.

Audit Committee assesses functioning of Issuer's Group on an ongoing basis and methods of internal control applied, making reservations, if necessary, and presenting its own observations. Any doubts are then subject to further observation, and the Audit Committee verifies the manner of implementation of comments by Issuer's Management Board.

As a part of the process of monitoring of financial revision activities of the Issuer's Group, members of the Audit Committee participate in works related to audit and review of Group's financial statements, consulting issues presented by Management Board and auditing company conducting the audit. Each time, the Audit Committee listens to opinions of statutory auditors invited to meetings on the course of reporting and financial audit processes in Issuer's Group, including discussing possible difficulties encountered by statutory auditors. Results of Audit Committee's works are then the basis for recommendations made to Supervisory Board on financial statements and consolidated financial statements.

Audit Committee actively participates in the process of selection of the audit firm and statutory auditor to conduct the statutory audit of Issuer's financial statements and consolidated financial statements of the Issuer's Group, through:

- 1) Preparation of election of auditory company policy;



- 2) Preparation of the policy regarding serving by auditory company carrying an audit, by entities affiliated with the auditory company and by member of the group of auditory company of non-audit services;
- 3) Setting of procedure of election of auditory firm by the Issuer;
- 4) Presentation to Supervisory Board of recommendation, in cases related to election of statutory auditors auditing the Issuer, in accordance with policies, referred to in points 1-3.

Audit Committee adopted a Policy and procedure for selection of an audit firm to conduct an audit and a Policy for provision by an audit firm conducting an audit of permitted non-audit services, constituting internal acts of the Issuer.

### **Internal control system in the field of financial reporting**

The body responsible for financial reporting process of the Issuer and the Issuer's Group is Management Board, which also performs internal control tasks in this area with participation of the Audit Committee, Supervisory Board and an audit firm selected to audit financial statements.

Currently, there are no formal procedures or internal control units at the Issuer. The Issuer's Financial Division, reporting to Finance Director, is involved in financial reporting activities. Within Financial Division separated, among others, Accounting Department, responsible for e.g. accounting, bookkeeping and reporting.

Financial statements and reports are prepared on the basis of data obtained from IT systems. The data is processed appropriately.

Key financial reporting processes include activities in the field of obtaining data from individual Group's entities, their consolidation, data verification, including their compliance with accounting policy, preparation of financial statements and consolidated financial statements, clarification of doubts raised during audit process. An important process is also controlling of tax reserves.

The course of financial reporting processes was specified in Instruction of Financial Division, which indicated tasks, deadlines for their implementation and persons responsible for them. Instruction is aimed at simplification of reporting processes and increase of their efficiency by systematization and taking into account the need of obtaining of data on individual Group's entities and their consolidation. By appointing responsible persons, it is possible to facilitate communication in the process and maintain its discipline, as well as to verify completeness and timeliness of tasks.

The course of financial reporting processes is controlled by Management Board, as well as the Audit Committee and Supervisory Board, which monitor functioning of internal control system in the field of financial reporting based on constant contacts with Management Board and statutory auditors.

Supervising body analyzes information obtained from Issuer's personnel and audit firm, reporting at the same time its reservations and presentation of its own observations as to the



course of processes, including in particular their timeliness. Supervisory Board also performs an annual assessment whether there is a need to separate an organizational function of internal audit.

Considering the size and subject of Issuer's business, Management Board considers current control system to be sufficient. Nevertheless, Management Board takes into account the necessity to distinguish appropriate units in the future, in particular when the assessment made by Audit Committee / Supervisory Board indicates the need to establish them, or when it results from recommendations made by audit firm.

### 9.3. CORPORATE GOVERNANCE

The Issuer recognizes the principles of corporate governance as a determinant of behavior and a basic element of corporate culture. The Issuer pays special attention to the transparency of action and open communication with stakeholders in the spirit of dialogue and trust.

The Issuer's corporate governance is formed by applicable law and internally binding regulations, including in particular:

- a) Articles of Association,
- b) Regulations of Management Board,
- c) Regulations of Supervisory Board,
- d) Regulations of General Meeting of Shareholders,
- e) Regulations of the Audit Committee,
- f) Organizational charts, scopes of tasks and responsibilities.

Due to the public nature of the Issuer, resulting from admission of its shares to trading on regulated market of GPW (Warsaw Stock Exchange), the Issuer is also subject to corporate governance rules set out in the Best Practices of WSE Listed Companies 2016, adopted by Supervisory Board of WSE by Resolution No. 27/1414/2015 of 13<sup>th</sup> of October 2015 and in force from 1<sup>st</sup> of January 2016.

The Issuer respects all principles of corporate governance contained in the document "Best Practices of WSE Listed Companies 2016", subject to recommendations and rules not applicable to the Issuer or not applied for other reasons, each time explained in details in Issuer's annual reports on business operations and in Information Page on the status of Issuer's application of the recommendations and principles contained in the Best Practices of WSE Listed Companies 2016 (the Issuer adheres to the principle "comply or explain").

According to the Issuer's declaration of 2<sup>nd</sup> of October 2020, the Issuer does not currently apply the following recommendation: I.R.2., II.R.2., III.R.1. and detailed principles: I.Z.1.3., I.Z.1.20., II.Z.1., II.Z.2., II.Z.10.1., III.Z.2., III.Z.3., III.Z.4., III.Z.5., V.Z.6. Declaration has been published on the Website at:

[https://dekppl.pl/wp-content/uploads/2020/10/GPW\\_dobre\\_praktyki\\_DEKPOL-1.pdf](https://dekppl.pl/wp-content/uploads/2020/10/GPW_dobre_praktyki_DEKPOL-1.pdf)



The Issuer regularly analyzes the need to change of approach to principles not applied so far. In particular, the Issuer allows application of I.Z.1.20 principle (providing for publication of records from the course of General Meetings on the Website), if interest is expressed by shareholders (including minority shareholders).

#### 9.4. CONFLICT OF INTEREST IN ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

To the Issuer's knowledge, there are no conflicts of interest among members of Management Board and Supervisory Board between their obligations towards the Issuer and their private interests or other obligations.

### 10. MAJOR SHAREHOLDERS

Shareholding structure of the Issuer:

Shareholder	Number of shares	Number of votes	Nominal value of shares (in PLN)	Participation in share capital / general number of votes
Mariusz Tuchlin	6 466 845	6 466 845	6 466 845	77,33%
Familiar S.A. SICAV-SIF	679 583	679 583	679 583	8,13%
Other	1 216 121	1 216 121	1 216 121	14,54 %

Source: Issuer. Information based on the number of registered shares for the Ordinary General Meeting of Shareholders convened for 28<sup>th</sup> of June 2019 and notification on transaction (purchase of shares) dated 21<sup>st</sup> of December 2020 (current report no. 38/2020). After 28<sup>th</sup> of June 2019, the Issuer did not receive other notifications about increase or decrease in the number of shares by the above-mentioned shareholders.

Control over the Issuer exercises Mariusz Tuchlin (who is also the President of Management Board), who directly holds 6,466,845 of A- and B-series shares of the Issuer.

Abuse of control, understood as exercising of voting right at Issuer's General Meeting of Shareholders is limited by generally applicable provisions of law, as well as provisions of the Articles of Association and internal regulations of the Issuer. The issuer, like any legal entity, operates through its bodies that carry out their regulatory and statutory tasks. Division of powers between individual bodies is aimed at ensuring proper functioning of the Issuer. Exercising of voting rights at the General Meeting of Shareholders is governed by rules set out in the Code of Commercial Companies and in Articles of Association, and thus ensures transparency and formalism of adopted resolutions. The company also applies principles of corporate governance, in particular, the principle of capital majority applies, and thus primacy of majority over minority with ensuring for minority of protection of its rights, within limits set by law and good manners.

The issuer is not aware of any arrangements the implementation of which could, at a later date, result in changes in control method of the issuer.



## 11. FINANCIAL INFORMATION ON ISSUER'S ASSETS AND LIABILITIES, ITS FINANCIAL POSITION AS WELL AS PROFITS AND LOSSES

### 11.1. HISTORICAL FINANCIAL DATA

The following financial statements have been incorporated by reference into this Prospectus:

- consolidated financial statement of Dekpol S.A. Capital Group for the year ended on 31<sup>st</sup> of December 2018, which was published on 30<sup>th</sup> of April 2019.  
<https://dekpole.pl/wp-content/uploads/2019/04/DEKPOL-SSF-2018-Grupa-Kapita%C5%82owa-30.04.2019-r..pdf>
- consolidated financial statement of Dekpol S.A. Capital Group for the year ended on 31<sup>st</sup> of December 2019, which was published on 15<sup>th</sup> of May 2020.  
<https://dekpole.pl/wp-content/uploads/2020/05/DEKPOL-SSF-2019-GRUPA-KAPITA%C5%81OWA.pdf>

Financial information referred to above was prepared in accordance with IFRS. Historical financial information for the last year has been prepared and presented in the form that will be adopted in subsequent financial statements published by the Issuer, taking into account accounting standards and principles as well as legal regulations applicable to such annual financial statement.

### 11.2. INTERIM AND OTHER FINANCIAL INFORMATION

After the date of the last annual consolidated financial data for 2019 audited by a statutory auditor, the Issuer published on 28<sup>th</sup> of September 2020 consolidated periodic statement for the period of 6 months ended on 30<sup>th</sup> of June 2020, which was reviewed by a statutory auditor. Moreover, the Issuer published on 20<sup>th</sup> of November 2020 consolidated periodic statement for the period of 9 months ended on 30<sup>th</sup> of September 2020.

Consolidated financial statement of Dekpol S.A. Capital Group for the 6-month period ended on 30<sup>th</sup> of June 2020 has been published on Issuer's Website:

<https://dekpole.pl/wp-content/uploads/2020/09/GK-DEKPOL-SSF-HY2020.pdf>

Consolidated financial statement of Dekpol S.A. Capital Group for the 9-month period ended on 30<sup>th</sup> of September 2020 has been published on Issuer's Website:

[https://dekpole.pl/wp-content/uploads/2020/06/raport\\_GK-DEKPOL-IIIQ2020.pdf](https://dekpole.pl/wp-content/uploads/2020/06/raport_GK-DEKPOL-IIIQ2020.pdf)



## 11.3. ADDITIONAL EXPLANATIONS TO HISTORICAL FINANCIAL INFORMATION AND INTERIM FINANCIAL INFORMATION

### **Valuation principles of assets, liabilities and financial results, adopted at preparation of financial statement**

#### **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 (purchase price or production cost model).
- 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 depreciation 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.



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- Property, plant and equipment with an initial value not exceeding PLN 3,000.00 are included in off-balance sheet records and are written off once in the cost of materials consumption.
- 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 minus 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 Group recognizes a liability under the concluded lease agreement in the amount of the present value of the lease payments remaining to be paid. The lease payments are discounted using the lease interest rate if that rate can be readily determined. Otherwise, the lessee uses the lessee's incremental borrowing rate.
- To measure the right to use an asset, the Group applies the cost model, except for investment properties measured at fair value.
- The Group 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.
- The Group uses exemptions allowed by IFRS 16, i.e. it does not disclose the right of use and liabilities, but only recognizes the costs of current lease payments) in relation to:
  - short term lease agreements (less than 1 year), or
  - 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. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. The lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the underlying asset.
- 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 the case of a finance lease, the Company recognizes a net investment in the lease, determined at the amount of the qualifying lease payments discounted using the lease interest rate. When own products are leased out, the fair value of the product or the lower value of discounted lease payments is recognized as sales revenues. If the lease interest rate is lower than the market rate, the discounted lease payments are determined using the market rate.
- If the Group enters into a sale and leaseback transaction, the transaction is accounted for depending on whether the transfer of the asset qualifies as a sale. Any gain on disposal of the asset to the lessor is recognized in profit or loss in proportion to the value of the rights transferred to the lessor, provided that the asset is transferred that qualifies as a sale. In the absence of such a transfer, no gain is recognized, the assets are not excluded and the payment received is recognized as a financial liability.

#### **Intangible assets (IA)**

- The Group 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 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 Group evaluates IA at the purchase price or cost of production less amortization write-offs, in accordance with the purchase price or production cost model.
- With regard to each IA, the Group 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 with the initial value not exceeding PLN 3,000.00 is charged to costs once. IA with an initial value of PLN 3,000.00 is included in the analytical records of IA and depreciated over their useful economic life in accordance with the above-mentioned principles.

### **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.

### **Financial instruments**

- The company measures in its separate financial statement investments in subsidiaries and associates at cost.
- The Company classifies financial assets other than investments in subsidiaries and associates 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 of separation from the underlying instrument. 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.

### **Derivatives and hedge accounting**

The Company is a party to forward / swap currency transactions. The purpose of concluding forward transactions is to secure the forward rate of future operational transactions resulting



from concluded or probable contracts for construction services, the revenues of which are denominated in a currency other than the functional currency of the Company. The hedging allows to reduce the impact of currency fluctuations on the expected revenues expressed in the functional currency and, consequently, to limit the risk related to the expected margin on the contract.

The Company applies hedge accounting if it expects that the future transaction meets the high-probability criteria and that the hedging relationship will be effective.

When applying hedge accounting, the company establishes hedging relationships between hedging instruments and future, highly probable transactions. The hedging relationship may cover only a part of the flows from the hedged and hedging instruments. At least as at the balance sheet date, it measures the effectiveness of the relationship. The main factors of linkage ineffectiveness are:

1. Mismatch of the dates of cash flows from the hedged and hedging instruments,
2. Non-linearity of swap points due to rollover of derivatives.

The effects of the valuation of instruments hedging future cash flows resulting from planned transactions in the part constituting an effective hedge are posted, until the transaction is completed, in other comprehensive income (and presented in the revaluation reserve) and in the part constituting an ineffective hedge, financial gains or losses). On the date of the transaction, the effective part of the established collateral adjusts the result on the transaction.

If the hedging relationship is canceled as a result of, for example: the planned hedged flow loses the high-probability criterion or the Company's decision resulting from a change in the appetite for foreign exchange risk, the effects of the hedging instrument valuation are fully recognized in the result for the period on the cancellation date.

### **Inventory**

- 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.



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- 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", i.e. equity instruments include only instruments that do not have a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable. Depending on the legal regulations, capitals 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 convertible into shares), the Company separates and measures the equity instrument 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.

### Reserves

- 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".



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- 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 terms of restructuring were agreed and made public before the end of the financial year.

### **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 costs;
  - Costs of utilities, rents, pre-pays etc.

### **Deferred income**

#### 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 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.



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- 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 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.



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- 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**

- 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, called MIH.



## PROSPECTUS OF DEKPOL S.A.

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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 works**

- For construction contracts in progress which do not constitute a property development activity, and for which obligations to perform services for the benefit of the client are fulfilled over time, the Company recognizes revenues over time, measuring the degree of complete fulfillment of this obligation to perform services based on the advancement of works.
- 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)



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- CPOPS – o 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:
  - $FTKW\ 1m^2\ PU = [(PKZR) + (FKZR) - (POPS)*(CPOPS)]/(PUO)$
  - 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 m<sup>2</sup> 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.

### Additional disclosures regarding valuation principles

Average depreciation rates result from the tables presenting the calculation of depreciation for the period and gross (initial) value for each category of fixed assets.

Fixed assets and intangible assets are depreciated in the following periods:

Group	Period	Annual depreciation rate
Buildings and structures	40 years	2,5%
Machines and devices	2 - 10 years	10-50%
Means of transport	3 - 7 years	14-33%
Other fixed assets	1 - 10 years	10-100%
Licenses and computer software	2 - 5 years	20-50%
Other intangible assets	5 years	20%

At the consolidated level, there are no intangible assets of an indefinite period of use.



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There were no leaseback transactions in the period covered by the historical financial information.

### Leases – The company as a lessor

The Issuer's Group acts as a lessor in terms of real estate rental agreements, in particular real estate of the Almond hotel and premises located in Wrocław at ul. Braniborska, presented as "investment properties for rent". The lease of these properties is operational. With regard to real estate subject to operating lease agreements, the Issuer's Group retains full ownership rights, giving the right to use the real estate to tenants on the terms specified in the agreements. In addition, the Issuer's Group has investment properties that are not subject to operating lease agreements, presented as "land not leased out". The Group is not a lessor under finance lease agreements.

Specification of revenues from operating lease agreements:

<i>Data in thousands of PLN</i>	<b>1-3Q 2020</b>	<b>1H 2020</b>	<b>1Q 2020</b>	<b>2019</b>	<b>2018</b>
Operating lease income	3.722	2.054	1.135	6.042	7.101
- including floating lease payments that are not index or rate dependent	191	77	77	0	0

Specification of future, fixed lease payments resulting from the concluded operating lease agreements (without variable payments) - resulting from the Almond hotel rental agreement. In addition, the Group, in accordance with the concluded agreement, will receive variable fees, the amount of which depends on the turnover of the gastronomy and the hotel.

<i>Data in thousands of PLN</i>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Other years up to 2032</b>
Undiscounted lease payments to be received in the following years	3.944	4.078	4.159	4.243	4.327	37 884

### Leases – The company as a lessee

The Group is a party to financial and operating lease agreements. The leased assets are used in the Group's operating activities. The Group uses simplifications with regard to short-term leases (up to 12 months) and low-value leases (value of the leased asset below PLN 4,000), without recognizing them as the right to use assets. Such leases are not relevant to the Group's operations.

In the period covered by the historical data, the Issuer's Group was not a party to a leaseback or sublease agreement, there were no variable lease payments.



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Lease agreements do not include an extension or termination option, a residual value guarantee or covenants. There are no open leases which the Group would be obligated to as a lessee.

Additional disclosures regarding leases are presented below:

<i>Data in thousands of PLN</i>	<b>1H 2020</b>	<b>2019</b>	<b>2018</b>
Machines and equipment under financial lease (net)	5.445	11.607	12.260
Means of transport under finance lease (net)	4.754	5.966	6.642
Other fixed assets under finance lease (net)	983	1.119	560
Asset use rights recognized as means of transport (net)	373	431	546
The depreciation of the right-of-use assets recognized as a means of transport during the period	57	115	29
Increases in rights to use assets during the period	0	0	0
Interest costs on lease liabilities	163	381	237

\*Information is not generated in quarterly Group's statements

### **Credit risk**

The Group is exposed to credit risk, understood as the risk that debtors will not meet their obligations and thus cause the Group to incur losses. Due to the ongoing monitoring of receivables and undertaking debt collection activities, the Group's exposure to the risk of bad debts is limited. There is no risk of bad debts in the sale of residential and service premises, as their sale is made in advance. On the other hand, in case of construction services, the Group receives partial advances for services rendered and settles construction works in stages in accordance with the schedule.

For trade receivables and contract assets, a simplified version of the model was used, assuming a loss calculation for the entire life of the instrument. The Group assumes that the debt is lost (the obligation will not be performed), when the debt is overdue more than 365 days, has expired, the debtor has been declared bankrupt or the debt collection has failed. Items for which a default by a debtor has been identified as defined above, is treated by the Group as impaired financial assets due to credit risk. If a written-off receivable is recovered as a result of debt collection activities, the write-off is released. The write-off is used if it is no longer possible to legally or actually recover the receivables.

The specification of changes in the allowances for expected losses is presented in the table below:

<i>Data in thousands of PLN</i>	<b>1H 2020</b>	<b>2019</b>	<b>2018</b>
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Write-off for expected credit losses at the beginning of the period	5.382	6.862	1.447
Changes during the period	590	-1.480	5.415
As at the end of the period	5.972	5.382	6.862

\* In quarterly statement for 3Q 2020 credit losses were not identified

As regards trade receivables, which are the most important class of assets exposed to credit risk, and in the case of assets under contracts with customers, in the opinion of the Management Board, the Group is not exposed to excessive credit risk in connection with a single significant contractor. In 2020, there were more than 10% balances of trade receivables and contracts with one contractor. As a consequence, write-downs are estimated on a collective basis, and receivables are grouped by period of past due date. The write-off estimate is based primarily on the historical past due dates and the link between the arrears and the actual repayments from the last 3 years. The model does not use information of a macroeconomic nature. Significant changes in the gross carrying amount of receivables change the amount of the allowance due to the fact that they constitute the basis for determining the allowance for expected credit losses, where the interest is determined on the basis of historical data.

The credit risk related to bank deposits is considered to be insignificant as the Group invests funds in banks with good and stable financial standing. Similarly, the credit risk of public and legal receivables is considered insignificant.

Due to the adoption of a simplified method of estimating write-offs due to expected credit losses and the low credit risk related to other financial assets, the Group does not determine whether the credit risk related to financial instruments has increased significantly since the initial recognition (instruments that require such an analysis are not relevant to the financial statements).

### **Liquidity risk**

The Group is exposed to the risk of losing liquidity, understood as the risk of losing the ability to pay liabilities within specified time limits. The risk results from a potential restriction of access to financial markets, which may result in the inability to obtain new financing or refinance its debt. Moreover, the risk relates to the situation of a potential breach of the covenants of loan agreements or contained in the terms of bond issue, which may result in the immediate maturity of liabilities.

The Group enters into loan agreements to finance investments with various banks. The terms of repayment of subsequent installments are adjusted to the expected revenues from the sale of individual investments. Moreover, the Group issues bonds.

The Group manages the liquidity risk by monitoring payment dates and demand for cash in the scope of servicing short-term payments (current transactions) and long-term demand for cash based on cash flow forecasts updated on a quarterly basis. The demand for cash is compared with the available sources of obtaining funds (including in particular by assessing



## PROSPECTUS OF DEKPOL S.A.

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the ability to obtain financing in the form of loans and bonds, the possibility of releasing funds from escrow accounts).

The maturity dates of significant assets and liabilities are presented in additional notes to the annual financial statements. It also includes a detailed specification of the value of significant components of financial liabilities.

### **Segments**

The management of the Dekpol Group decided to organize the Group based on the criterion of diversified products and services. A segment is not separated if the segment's income or profit / loss or assets represent less than 10% of all segments' revenues, profits / losses or assets, respectively, and at least 75% consolidated revenues, profits and assets are presented by segment from IFRS 8 "Operating segments". Information is subject to publication in consolidated financial statement only.

On the policy approval date, the Issuer identified the following industry segments:

- General contracting services,
- Real-estate development activity,
- Production of buckets and accessories for machines and devices.

The Issuer specifies geographic segments as a supplementary reporting model.

The explanatory notes contain only data on revenues to external customers reconciling to consolidated revenues (i.e. after taking into account consolidation exclusions). Revenue from sales between segments is not included in a segment's profit or loss figure that is reviewed by, or otherwise regularly reported to, a chief operating decision maker.

Segmentation corresponds to the division into similar products or services.

In the reporting period, revenues to a single contractor did not exceed 10% of total consolidated revenues.

### **Disclosures regarding the fair value of assets and liabilities**

The Issuer's Group measures only real estate investments and derivative instruments at fair value. Appropriate valuations are included in the financial statements, while the valuation of investment properties is made, in line with the accounting policy, once a year.

The adopted methods of estimating the fair value are disclosed in the additional explanatory note to the financial statement. In particular, the property of the Almond hotel is measured using the method from level 3 of the fair value hierarchy (income method), due to the signed lease agreement. Other properties are measured using the methods from level 2 of the fair value hierarchy (comparative methods, residual methods, etc.). Derivatives are measured using the fair value measurement prepared by a professional entity using methods from the 2<sup>nd</sup> level of the fair value hierarchy.

In the period covered by historical financial data, there were no transfers between levels 1 and 2 of the fair value hierarchy.

adopted methods of estimating the fair value and significant input data are disclosed in additional explanatory notes to financial statements for 2019 and 2018.

Due to the nature of financial assets and liabilities, the Group does not identify premises for which there would be a significant difference between their carrying amount and fair value.



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In particular, significant financial liabilities bear interest on an arm's length basis, using a variable interest rate. As regards financial assets, there are mainly receivables with a maturity of up to 1 year and cash. The Group does not prepare fair value measurements of financial assets and liabilities for management purposes.

### 11.4. AUDIT OF HISTORICAL ANNUAL FINANCIAL INFORMATION

Consolidated financial statement of Dekpol SA Capital Group for the year ended on 31<sup>st</sup> of December 2018 was audited by a statutory auditor, and the opinion and report on audit were made public on 30<sup>th</sup> of April 2019. Report on audit of consolidated financial statement for 2018 is available is on the Issuer's Website:

[https://dekpole.pl/wp-content/uploads/2019/04/Dekpol\\_2018\\_BSSF\\_MSSF\\_JZP\\_SzB\\_PL-1-sig.pdf](https://dekpole.pl/wp-content/uploads/2019/04/Dekpol_2018_BSSF_MSSF_JZP_SzB_PL-1-sig.pdf)

Consolidated financial statement of Dekpol SA Capital Group for the year ended on 31<sup>st</sup> of December 2019 was audited by a statutory auditor, and the opinion and report on audit were made public on 15<sup>th</sup> of May 2020. Report on audit of consolidated financial statement for 2019 is available is on the Issuer's Website:

[https://dekpole.pl/wp-content/uploads/2020/05/Sprawozdanie\\_z\\_badiana\\_GK\\_Dekpol\\_S.A.\\_signed.pdf](https://dekpole.pl/wp-content/uploads/2020/05/Sprawozdanie_z_badiana_GK_Dekpol_S.A._signed.pdf)

Statutory auditor has audited the semi-annual consolidated financial statement of the Dekpol S.A. Capital Group for 6-months period ended on 30<sup>th</sup> of June 2020. The report on audit was made public on 28<sup>th</sup> of September 2020 and is available on Issuer's Website:

<https://dekpole.pl/wp-content/uploads/2020/09/Raport-z-przepl%C4%85du-skr%C3%B3cone-SSF-30.06.2020-GK-Dekpol-SA-podpisane.pdf>

### 11.5. COURT AND ARBITRATION PROCEEDINGS

The Issuer declares that within 12 months preceding Prospectus Date, was not a party to any proceedings before government bodies, court or arbitration proceedings that could have had or had a significant impact on financial situation or profitability of the Issuer or Issuer's Capital Group.

The Issuer is also not aware of the possibility of any proceedings that could have a significant impact on financial situation or profitability of the Issuer or Issuer's Capital Group.

Nevertheless, in order to complete the data contained in this Prospectus, the Issuer considers also proceedings with the value of the subject matter of dispute exceeding PLN 1 million as important.

#### **Proceeding against Soletanche Polska Spółka z ograniczoną odpowiedzialnością**

The Issuer brought an action against Soletanche Polska Spółka z ograniczoną odpowiedzialnością and Powszechny Zakład Ubezpieczeń Spółka Akcyjna (insurer of Soletanche Polska Sp. z o.o.) for the payment of PLN 6,875,997.54 (six million eight hundred



seventy-five thousands nine hundred ninety seven zlotys fifty four groszy) together with statutory interest for the delay. Indicated amount consists of claims for damages due to improper performance of obligations of Soletanche Polska Sp. z o.o. (acting as a subcontractor), i.e. construction works for a third party - the investor. The proceedings were pending before the Sąd Rejonowy w Gdańsku (District Court in Gdańsk).

Proceedings were preceded by an application by the Issuer (as the summoning party) to summon Soletanche Polska Spółka z ograniczoną odpowiedzialnością (the opponent) to a conciliatory attempt before Sąd Rejonowy w Warszawie (District Court for the capital city of Warsaw); the settlement proceedings ended on 9<sup>th</sup> of July 2020; settlement was not reached.

#### **Proceeding against Expert Spółka z ograniczoną odpowiedzialnością**

The Issuer brought an action against Expert Spółka z ograniczoną odpowiedzialnością for the payment of PLN 1 523 722,42 (one million five hundred and twenty-three thousand seven hundred and twenty-two zlotys and forty-two groszy) together with statutory interest for the delay. Indicated amount includes claims for a contractual penalty for delay in performance of a construction contract and for costs of substitute performance incurred by the Issuer in place of Expert Sp. z o.o. The proceedings were pending before the District Court in Gdańsk. This proceeding ended with issuance of a legally binding default judgment awarding all claims covered by Issuer's lawsuit (the judgment was legally valid in March 2021).

## **11.6. SIGNIFICANT CHANGES IN ISSUER'S FINANCIAL SITUATION**

Since publication of the last consolidated financial statement of the Dekpol Group for the period of three quarters of 2020, the following events should be distinguished in financial situation of Issuer's Group:

on 5<sup>th</sup> of November 2020 the Central Securities Depository of Poland S.A. (KDPW S.A.) performed final settlement of Bonds and as at this day the I-series bonds issuance was completed. I-series bonds issue was carried out in the form of a public offering in the meaning of Prospectus Regulation, and pursuant to Art. 1 clause 4 lit. b of this regulation did not require preparation of a prospectus or information memorandum. Bonds were issued at an issue price equal to their nominal value. The interest rate is variable and is based on WIBOR 6M base rate increased by margin of 4.9%. Interests on Bonds are payable in 6-month periods. Redemption of Bonds will take place on 28<sup>th</sup> of October 2023 and the Bondholder may request early redemption of the owned Bonds in standard cases specified in Bond Issue Terms, including if the Company's Capital Group exceeds certain debt ratios. The Company may request early redemption of Bonds on each of interest payment days, paying a premium of 0-1% of the nominal value of Bonds subject to redemption, depending on the date of the request. Collateral of repayment of Bonds will be contractual mortgage, which will be established on the developed property located in Warsaw, owned by Issuer's subsidiary - Dekpol Deweloper Sp. z o.o., with the highest priority in favor of the mortgage administrator up to the amount corresponding to 150% of the nominal value of Bonds allocated, on principles and within the time limits specified in I-series Bond Issue Terms. The funds from issue of Bonds will be used to finance current operations of the Issuer's Capital





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Group and to repay debt from G and H-series bonds. The bonds were issued pursuant to Art. 33 point 1 of the Bonds Act.

On 8<sup>th</sup> of November 2020 the Company made redemption of 19,220 of G-series bonds of a nominal value of PLN 1,000 each and of a total nominal value of PLN 19,22 million as well as 3,750 of H-series bonds of a nominal value of PLN 1,000 each and of a total nominal value of PLN 3,75 million. Redemption of the above-mentioned bonds was made in fulfillment of Company's obligation to perform obligatory depreciation of 25% of G-series bonds on the date of interests payment for the 6<sup>th</sup> interest period and the obligatory depreciation of 25% of H-series bonds on the date of interests payment for the 5<sup>th</sup> interest period. On 8<sup>th</sup> of March 2021, the Issuer redeemed entirely G- and H-series bonds in accordance with bonds maturity date.

On 22<sup>nd</sup> of December 2020, the Issuer issued J-series bonds with a value of PLN 11 million. J-series bonds were issued in accordance with procedure specified in Art. 33 point 1 of the Act on Bonds, pursuant to Art. 37b paragraph. 1 of the Offering Act, without preparation of prospectus, on the basis of information memorandum. On 22<sup>nd</sup> of December 2020, the issuer allotted bonds in accordance with all subscriptions submitted by investors. As a result of public offering carried out between 7<sup>th</sup> of December 2020 – 18<sup>th</sup> of December 2020, 11,000 bonds were allotted due to subscriptions for 14,354 bonds, the average reduction rate was 23.36%. J-Series bonds bear interest at WIBOR 6M + 5.40%. Interests on Bonds are payable in 6-month periods, and redemption of Bonds will take place within 42 months from the date of issue (22/06/2024).

On 1<sup>st</sup> of February 2021, Dekpol Deweloper issued 3.5-year B-series bonds worth PLN 10 million. The bonds were issued pursuant to Art. 33 point 1 of the Act of January 15, 2015 on bonds. The bonds are secured by a surety granted by Dekpol S.A. The bonds were issued at the issue price equal to the nominal value of PLN 1,000. The interest on Bonds is based on the WIBOR 3M base rate increased by a margin. Interest on the Bonds is payable in 3-month periods. The bonds will be redeemed on 1<sup>st</sup> of August 2024.

On 23<sup>rd</sup> of February 2021, the Issuer issued 3.5-year K-series bonds with a value of PLN 21.5 million. The bonds were issued pursuant to Art. 33 point 1 of the Act of January 15, 2015 on bonds. The bonds are not secured. The bonds are issued at the issue price equal to the nominal value of PLN 1,000. The interest on Bonds is based on WIBOR 6M base rate increased by margin. Interest on Bonds is payable in 6-month periods. The bonds will be redeemed on 23<sup>rd</sup> of August 2024.

On 9<sup>th</sup> of March 2021 the Issuer adopted resolution concerning issue of no more than 30,000 of 3.5-year L-series bearer bonds with a nominal value of PLN 1,000 each and a total nominal value of up to PLN 30,000,000 (Bonds). The bonds were issued in accordance with Art. 33 point 1 of the Act of 15 January 2015 on bonds, in a way that did not require the Issuer to prepare a prospectus or information memorandum, referred to in art. 38b of the Act of 29<sup>th</sup> of July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies with such a stipulation, that on the basis of



article 31zb of The Act of 2 March 2020 on special solutions related to preventing, counteracting and combating COVID-19, other infectious diseases and emergencies caused by them, requirement to approve the above-mentioned memorandum by Komisja Nadzoru Finansowego (UKNF) is not required. Bonds are not secured. The purpose of Bonds issue was financing of current operations of the Issuer's Capital Group.

## 12. ADDITIONAL INFORMATION

### 12.1. EQUITY

Share capital of Dekpol S.A. amounts PLN 8,362,549.00 and is divided into:

- 6.410.000 of A-series ordinary bearer shares, of a nominal value of PLN 1 each,
- 1.952.549 of B-series ordinary bearer shares, of a nominal value of PLN 1 each.

Share capital of the Issuer in the amount of PLN 6,410,000 was issued on the basis of the resolution of General Meeting of Shareholders of Dekpol Spółka z ograniczoną odpowiedzialnością on transformation into a joint-stock company, adopted on 1<sup>st</sup> of April 2014, recorded in the form of notarial deed of notary Janina Ciechanowska, repertory A No. 3829 for 2014.

Increase of the Issuer's share capital by PLN 1,952,549 was based on resolution of Issuer's General Meeting of Shareholders on increasing of share capital by issuing new shares on 30<sup>th</sup> of June 2014, recorded in the form of notarial deed of notary public Przemysław Ciechanowski, repertory A No. 7982 for 2014.

The share capital is fully paid.

Issuer's shares are not privileged, and the Articles of Association do not grant any personal rights to shareholders.

### 12.2. STATUT I PRZEDMIOT DZIAŁALNOŚCI

The Issuer is entered in the register of entrepreneurs of the National Court Register maintained by District Court Gdańsk-North in Gdańsk, VII Commercial Division of the National Court Register under ID (KRS) number 0000505979

The subject of Issuer's business is specified in § 5 of Articles of Association. The Issuer's main business activities are focused on construction works related to construction of residential and non-residential buildings, works related to construction of other civil engineering structures, mining activities in the field of gravel and sand, rental and lease as well as outsourcing services provided to subsidiaries from the Issuer's Group.

In addition to the above, Articles of Association also define other types of business activities, in accordance with the Polish Classification of Activities (PKD).



Operating activities of the Issuer's Capital Group focus on three areas:

- general contracting for the construction of industrial facilities, public utilities, sports and recreation facilities, environmental protection facilities, as well as sanitary, road and hydrotechnical works;
- property development - construction, finishing and sale of housing estates, single-family housing estates, luxury apartment buildings, condo hotels and commercial and service areas;
- production of accessories for construction machines – manufacturer of buckets to excavators and loaders.

Business activities of the Issuer's Capital Group are presented in section **Błąd! Nie można odnaleźć źródła odwołania..**

## 13. MAJOR AGREEMENTS

The Issuer considers agreements as significant with initial value of the subject of agreement (without additional works) net or the value of liability exceeding the equivalent of 5% of consolidated sales revenues in financial year preceding preparation of the Prospectus (2019), rounded up to the nearest PLN million. In addition, in case of agreements other than those concluded in the normal course of business, the Issuer considers agreements of the Issuer and Entities within the Issuer's Group that do not meet financial criterion specified above as significant, if they are significant for Issuer's Group for other reasons, in particular due to the total value of liabilities towards a given contractor.

The list does not include agreements concluded between entities from the Issuer's Group, in particular agreements for construction works concluded between the Issuer and its subsidiaries Dekpol Deweloper Sp. z o.o. carrying out real-estate development investments.

### 13.1. AGREEMENTS CONCLUDED IN NORMAL COURSE OF BUSINESS ACTIVITIES

Below is a summary of all significant trade agreements applicable to the Issuer and the Issuer's Group Entities as at the Prospectus Date.

#### **Agreements with 7R Projekt 22 Spółka z ograniczoną odpowiedzialnością dated 19<sup>th</sup> of December 2019**

The subject of agreements is performance by the Issuer, as the general contractor, of investments in general contracting system and "design and build" three stages (each stage is the subject of a separate agreement) of comprehensive construction works as well as installation works, including delivery of materials and equipment, the result of which shall be



a "turnkey" construction of warehouse, production and office facilities with social and office facilities within 7R Park Gdańsk II in Kowale along with accompanying infrastructure.

As a part of agreements concluded with regards to individual stages of investment, the Issuer undertook to develop projects - replacement and executive construction and to obtain all required approvals and permits to carry out works, including decision to amend construction permit and obtaining of final use permit for the Investment.

Stage no. I has been completed. Deadlines for completion of stage no. II and stage no. III were set at 8 months from the date of calling a given stage by contracting authority and fell in January 2021. Agreements stipulate that the deadlines for completion of works may be changed by mutual agreement of parties in cases specified in Agreements. As at Prospectus Date, it is indicated that, for reasons beyond the Issuer's control, investment will be completed in months later than initially assumed - implementation should be completed in the first half of 2021.

The lump-sum net remuneration of the Issuer for implementation of three stages of Investment amounts in total to over 10% of sales revenues of the Dekpol Capital Group for 2019 (including for stage no. I approx. 5%, stage no. II approx. 3%, stage no. III approx. 2%). Remuneration may change in cases specified in Agreements, including, inter alia, as a result of exclusion of some works by the Ordering party or ordering additional or replacement works.

Each of Agreements contains provisions regarding contractual penalties due to ordering party in the case of failure to meet deadlines for implementation of works under investment. Moreover, the Issuer will be obliged to pay to the ordering party a contractual penalty in the amount of 12% of remuneration for a given stage of works in the event of withdrawal from a given agreement due to the Issuer's fault. Total amount of contractual penalties specified in each of Agreements may not exceed 15% of remuneration for a given stage of works. The parties have right to demand, on general terms, supplementary compensation exceeding amount of reserved contractual penalties up to the full amount of damage suffered. Agreements contain provisions regarding ordering party's right to withdraw from each of agreements, including when the Issuer fails to meet deadlines specified in schedules or for important reasons specified in agreements. The Issuer is entitled to subcontract performance of a part of scope of the subject of agreements.

Agreements were the subject of Issuer's current report (pursuant to Article 17 (1) of the MAR Regulation) No. 43/2019.

In connection with ordinance of an organized part of the enterprise (item 6.1.2), the rights and obligations of the Issuer resulting from agreement were taken over by the entity from the Issuer's Group - Dekpol Budownictwo Sp. z o.o.

**Agreement on sales of the property in Swaróżyn and the general contracting agreement with Kallisto 14 Spółka z ograniczoną odpowiedzialnością dated 23<sup>rd</sup> of December 2019**

On 17<sup>th</sup> of July 2020, the Company concluded with Kallisto 14 Sp. z o.o. (Buyer, Ordering party) annexes to preliminary property sales agreement and the general contracting agreement for the investment (GW Agreement), concluded on 23<sup>rd</sup> of December 2019. Under the preliminary agreement, the parties undertook to conclude, under certain conditions, a promised agreement for sales of a land property developed with a building in Swaróżyn with a total area of approx. 14.6 ha (property) and the right to design documentation (promised agreement). As at the date of conclusion of agreements, the property included a land



property with a total area of 12.7 ha, owned by the Issuer (property 1) and an adjacent land property with an area of 1.9 ha, which the Issuer intended to purchase from a natural person (property 2).

In order to conclude the promised agreement, the Issuer undertook, inter alia, construction on the property 1 a warehouse and office facility (Building 1) as a part of the 1<sup>st</sup> stage of investment on the property and to obtain a decision authorizing the use of Building 1 by 1<sup>st</sup> of August 2020 and to purchase the property by 15<sup>th</sup> of May 2020. Property 2 was purchased by the Issuer in May 2020, thus one of the above-mentioned conditions was fulfilled. The Issuer also started construction of Building 1, thus implementing provisions of the preliminary agreement.

Pursuant to preliminary agreement, sales price of the property developed with Building 1 and the rights to design documentation was to be the equivalent of approx. 9% of revenues of the Company's Capital Group for 2019. The price was to be increased by the value of expenditure resulting from implementation of another warehouse, production and office facility along with accompanying infrastructure (Building 2) incurred before conclusion of the final agreement, which was to be concluded after meeting certain conditions, but not later than by 17<sup>th</sup> of August 2020. Along with conclusion of preliminary agreement, the Issuer concluded the GW Agreement, which stipulates, that it will enter into force upon the joint fulfillment of conditions in the form of acquisition of the ownership right to property 1 (i.e. concluding the promised agreement) and calling for construction of Building 2 or Building 3 (defined below). On the basis of this agreement, the Issuer undertook to perform, in the general contracting system, in "design and build" mode, comprehensive construction and construction works as well as construction and installation works, including supply of materials and equipment related to completion of Building 2 and construction of another warehouse-production-office facilities with accompanying infrastructure (Building 3).

Pursuant to annexes concluded in July 2020, the parties changed the structure of investment being implemented, in such a way that it was agreed that instead of implementation of Building 1 as a part of the 1<sup>st</sup> stage of investment, Building 2 will be implemented and completed, which will be one of conditions required for conclusion of the promised agreement, while Building 1 will be completed as a part of stage II of investment. In connection with the above, in accordance with introduced changes, in order to conclude the promised agreement, the Issuer was mainly obliged to build Building 2 on the property and obtain by 31<sup>st</sup> of August 2020 a decision authorizing the use of Building 2 on the property. In accordance with concluded annexes, the promised agreement was to be concluded by 25<sup>th</sup> of September 2020, provided that a public administration authority has issued at least a conditional use permit for Building 2 and a local road. If, within this period, the above-mentioned condition would not be met, each party was entitled to demand conclusion of the promised agreement after meeting of the above-mentioned condition, but no later than until 31<sup>st</sup> of March 2021.

In the third quarter of 2020, construction of Building 2 and the local road was completed, and the Issuer received use permit for Building 2. Due to the protracted procedures for obtaining a use permit for road due to the pandemic, in November 2020 the buyer finally waived this condition (the condition was reserved in favor of the buyer).

In connection with the above, on 16<sup>th</sup> of November 2020, in performance of the preliminary agreement, the Issuer concluded with the buyer a promised agreement for sales of property



ownership and the right to design documentation. The property which is the subject of the promised agreement includes property 1 and property 2 (as indicated above) together with Building 2 (warehouse and office building) erected on them, implemented as a part of the 1<sup>st</sup> stage of investment and expenditure incurred by the Issuer for implementation of Building 1 (construction in progress). The net sales price of the property developed with Building 2 together with expenditure incurred for construction of Building 1 (construction in progress) and the rights to design documentation amounted to over 9% of revenues from sales of the Issuer's Capital Group for 2019, of which more than a half is the value of works related to implementation of Building 1 on the property.

Conclusion of the promised agreement has completed implementation of the first stage of the investment. Currently, the parties continue to cooperate in the second stage of investment on the basis of the GW Agreement. The GW agreement entered into force in connection with conclusion of the promised agreement. In accordance with changes made in July 2020, the subject of the GW Agreement is continuation of construction of Building 1 and construction of Building 3. The value of works related to further construction of Building 1 and construction of Building 3, settled on the basis of the GW Agreement, will total approximately 4% of the Issuer's Group revenues for 2019.

In accordance with the annex to GW Agreement concluded on 16<sup>th</sup> of November 2020, completion date of Building 1 was postponed to February 2021 (current deadline was set on November 2020), however, as at the date of publication of the report, it is indicated that completion of this investment will take place in months later than originally assumed, in the first half of 2021. At the same time, Parties are conducting advanced talks on the date of completion of Building 3.

The agreement was the subject of the Issuer's current reports (pursuant to Article 17 (1) of the MAR Regulation) No. 46/2019, 18/2020 and 34/2020.

In connection with the transfer of an organized part of the enterprise (item 6.1.2), the rights and obligations of the Issuer resulting from agreement were taken over by the entity from the Issuer's Group - Dekpol Budownictwo Sp. z o.o.

**Agreement with Karuzela Kołobrzeg Spółka z ograniczoną odpowiedzialnością dated 20<sup>th</sup> of January 2020.**

The subject of Agreement is performance by the Issuer, as a general contractor, of comprehensive earthworks, roundabouts, parking spaces for cars and a platform along with works dedicated to one of the tenants ("Work 1") and, subject to the following paragraph, works involving construction of a shopping mall - a single-level building with all connections and land development in Kołobrzeg ("Work 2").

Execution of Work 1 is to take place in the first half of 2021, while the date of execution of Work 2 will depend on the date of delivery of the above notification.

The flat-rate net remuneration for Work 1 amounts about 2% of Issuer Group's sales revenues, and for Work 2 - 9% of sales revenues of the Dekpol Capital Group for the year 2019.

Execution of Work 2 may only take place, provided that the Contractor receives a written notification about commencement of the execution of Work 2 by the Ordering Party. The Ordering Party is not obliged to submit the above notification. If the notification will not be delivered, the scope of works covered by Agreement as well as Contractor's remuneration will be limited to Work 1 only. Deadline for delivery of notification has already been



postponed twice (current reports no. 13/2020 and 23/2020). The last delivery date has been agreed for November 2020. Notification was not delivered within this period, however, in the opinion of Management Board of the Issuer, in view of cooperation and discussions, perspective for performance of Work 2 is not closed.

Agreement contains provisions regarding contractual penalties due in the case of, among other things, delay in keeping deadline for the final completion of the Agreement, in execution of individual stages of works arising from Agreement, as well as removal of defects, however the limit of listed penalties has been set on 10% of remuneration value. In addition, Parties of the Agreement dispose the right to demand payment of a contractual penalty in the amount of 10% of the remuneration value in case of withdrawal from the Agreement through the fault of the contractual party. Ordering Party has the right to claim compensation exceeding the amount of reserved contractual penalties up to the full amount including loss of profit. The Issuer may entrust the execution of a part of works and supplies to subcontractors, however, it is responsible for their actions as if it were carrying out these works and deliveries by itself. Agreement includes provisions concerning the right of withdrawal from the Agreement to be issued by Ordering Party. The Agreement contains provisions regarding the right of withdrawal by the Ordering Party from the Agreement in whole range or in some part, among other things, when Contractor fails to meet work deadlines set in the schedule or fails to deliver the subject of the Agreement in the required quality and in accordance with the agreed conditions.

The agreement was the subject of the Issuer's current reports (pursuant to Article 17 (1) of the MAR Regulation) No. 37/2019, 3/2020, 10/2020, 13/2020 and 23/2020.

In connection with the transfer of an organized part of the enterprise (item 6.1.2), the rights and obligations of the Issuer resulting from agreement were taken over by the entity from the Issuer's Group - Dekpol Budownictwo Sp. z o.o.

#### **Agreement with Pruszcz Logistics Spółka z ograniczoną odpowiedzialnością dated 30<sup>th</sup> of June 2020**

The subject of the Agreement is execution by the Issuer of storage-office building of the space approximately 26,4 thousands of m<sup>2</sup> along with belonging infrastructure and accompanying site improvement in Wojanowo.

The Object is implemented in two stages: stage no. I covering a building with an area of approximately 13,2 thousands of m<sup>2</sup>, along with adjacent roads, parking lots and the necessary infrastructure, with completion date scheduled for August 2020 (completed on time) as well as stage no. II covering a building with an area of approximately 13,2 thousands of m<sup>2</sup>, along with adjacent roads, parking lots and the necessary infrastructure, whereby implementation of the second stage is optional. In case of the implementation of stage no. II, the deadline for its implementation has been set at 4 months from the date of release to implementation, i.e. confirmation by the Ordering Party and forwarding of final guidelines to the abovementioned stage. The contract also contains provisions regarding implementation of the second building as stage no. III of the investment, while its implementation is optional and must be confirmed in advance by the Ordering Party. The scope of works and implementation schedule of the 3<sup>rd</sup> stage will be agreed by Contracting Parties after confirmation of its implementation.



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As a part of the Agreement, the Issuer has been obliged for drawing up of an executive design project, all technical documentation, for conclusion of agreements with architects, design consultants and appraisers for the purposes of implementation of the Agreement as well as for obtaining of a final occupancy permit for the Object.

General Contractor's flat-rate net remuneration for the implementation of the Agreement amounts to over 12% of sales revenues of the Dekpol Capital Group for the year 2019, converted according to the euro exchange rate from 3<sup>rd</sup> of July 2020, whereby remuneration for stage no. I will represent over 25% of the total amount of remuneration quote.

The Agreement contains provisions regarding contractual penalties, inter alia in case of delays in implementation of a given stage of the Object. The total amount of contractual penalties may not exceed 10% of the remuneration for a given stage of works. The Ordering Party is entitled to claim damages exceeding the amount of reserved contractual penalties. The agreement was the subject of the Issuer's current report (pursuant to Article 17 (1) of the MAR Regulation) No. 15/2020.

### **Agreement with Panattoni Development Company Spółka z ograniczoną odpowiedzialnością Spółka komandytowa dated 22<sup>nd</sup> of October 2020.**

The subject of the agreement is performance by the Issuer, as the general contractor, of the investment called "Expansion of production plant of Danfoss Poland in Grodzisk Mazowiecki – construction of a storage-production building along with office-social facilities and accompanying infrastructure". Panattoni Development Company Spółka z ograniczoną odpowiedzialnością Spółką komandytowa acts as a Developer, with the intention of implementing the investment for the benefit of a third party - the investor indicated above.

Investment will be carried out in three stages: Stage 1 covering construction of car parks for approximately 600 passenger cars, with completion date falling in January 2021, Stage 2 covering construction of production building with office and social spaces along with the car park, utilities connections, internal roads, exit and other accompanying infrastructure (Investment Phase 1) together with demolition of the existing car park, excluding Phase 1, with completion date in March or April 2021 (depending on possibility of obtaining the so-called early access) and Phase 3 covering expansion of production plant with office and social facilities from Investment Phase 1 along with remaining accompanying infrastructure and four docks (Investment Phase 2), subject to obtaining a final construction permit for Investment Phase 2 by 30<sup>th</sup> of June 2021 with completion date in November 2021. If by 31<sup>st</sup> of July 2021 the investor for whom the investment will be carried out, will not obtain and the Property Developer will not provide General Contractor with construction permit under Phase 3, General Contractor and Property Developer have the right to withdraw from Agreement with regards to Phase 3 within dates falling on August and September 2021, respectively. The Issuer's flat-rate net remuneration for execution of Stages 1-3 specified in Agreement was set at approximately 7% of revenues of the Issuer's Capital Group for 2019 (converted according to the EUR exchange rate at 31<sup>st</sup> of December 2020), while remuneration for execution of Stages 1-2 specified in Agreement amounts less than 90% of the value of the Agreement.

Agreement contains provisions regarding contractual penalties, among others in the event of delays in execution of a given Stage and the Property Developer has right to withdraw from Agreement for reasons specified in the Agreement. In the event of withdrawal from Agreement, Property Developer will be entitled to contractual penalty in the amount of 6%





of net remuneration, while Property Developer is not entitled to charge a penalty for withdrawing from the Agreement and penalty for delay for reasons attributable to General Contractor. It is possible to charge only one type of penalty, at the discretion of the Property Developer. Contractual penalties relating to delays may not exceed 12% of net remuneration for a given construction Stage.

The agreement was the subject of the Issuer's current report (pursuant to Article 17 (1) of the MAR Regulation) No. 29/2020.

**Agreement of Dekpol Budownictwo Sp. z o.o. with PDC Industrial Center 134 Spółka z ograniczoną odpowiedzialnością Spółka komandytowa dated 28<sup>th</sup> of January 2021.**

The subject of the agreement is performance by an entity from the Issuer's Group - Dekpol Budownictwo Sp. z o.o. of construction works for the warehouse and production hall, including all accompanying works and design works in Gdańsk. The investment will be carried out in four stages. The deadline for implementation of the first stage was in March and has been completed, while the second stage will be carried out in the second half of 2021, and the deadlines for implementation of the next stages are set in months from the possible receipt by Dekpol Budownictwo of confirmation regarding order for their implementation. Net remuneration for performance of agreement was set at approx. 10% of the Issuer's Group revenues for 2019, including approx. 7% for stages I and II (converted at EUR exchange rate on 28<sup>th</sup> of January 2021).

Agreement contains provisions regarding contractual penalties due in the case of delays in performance of each stage of agreement. The parties have right to demand the payment of a contractual penalty in the amount of 10% of remuneration in the event of withdrawal from agreement. Total amount of contractual penalties cannot exceed 10% of remuneration. Moreover, the Ordering party is entitled to claim supplementary compensation on general terms.

The agreement was the subject of the Issuer's current reports (pursuant to Article 17 (1) of the MAR Regulation) No. 36/2020 and 5/2021.

**Agreement of Dekpol Budownictwo Sp. z o.o. with 7R Spółka Akcyjna dated 16<sup>th</sup> of February 2021.**

On the basis of agreement, the Issuer's subsidiary - Dekpol Budownictwo sp. z o.o. is obliged for the performance of investment in Szczecin, in the general contracting system, in the "design and build" formula. The subject of agreement is performance of comprehensive construction works and a full range of construction and installation works including the delivery of materials and equipment, the result of which will be "turnkey" construction of two production and warehouse facilities with office and social facilities along with the necessary technical infrastructure and reconstruction of the road system.

Under the Agreement, the Contractor undertook to develop designs - replacement construction and executive designs, and to obtain all required approvals and permits for the Investment, including the decision to amend the building permit and obtain the final use permit for the Investment.

The deadline for the implementation of I stage of the Investment expires in May 2021, and in case of the implementation of II stage of the Investment, it was set for 6 months from the date of selecting and making the site available by the Ordering Party, while the Ordering Party is



entitled to make the above-mentioned selection within 12 months from the conclusion of the Agreement. If the Ordering Party fails to select in the above-mentioned period, this scope is considered excluded from the Agreement.

The flat-rate net remuneration of the Contractor for the implementation of the Investment amounts to a total of approx. 10% of sales revenues of the Dekpol Capital Group for 2019, including approx. 6% for stage I of the Investment. The remuneration may change in cases specified in the Agreement, including, inter alia, as a result of the Ordering Party's exclusion of some works constituting no more than 10% of the remuneration or an order for additional or replacement works.

Agreement contains provisions regarding contractual penalties due in the case of, inter alia, failure to meet the deadlines resulting from the Agreement, but not more than 12% of the remuneration. In addition, the parties to the Agreement have the right to demand the payment of a contractual penalty in the amount of 10% of the remuneration in the event of withdrawal or partial withdrawal from the Agreement due to the fault of the other party. The total amount of contractual penalties may not exceed 30% of the remuneration. The parties have the right to claim supplementary compensation for damages on general principles up to the full amount of the damage suffered. The Agreement contains provisions regarding the Ordering Party's right to withdraw from the Agreement in cases specified in the Agreement, without legal and financial consequences, subject to settlement with the Contractor of documented costs reasonably incurred in order to perform the Agreement.

The agreement was the subject of the Issuer's current report (pursuant to Article 17 (1) of the MAR Regulation) No. 8/2021.

#### **Agreement of Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k. with institutional investor dated 9<sup>th</sup> of March 2021.**

The entity from the Issuer's Group - Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k. (Seller) concluded a preliminary sales agreement with an institutional investor (Buyer), pursuant to which:

- the entity from the Issuer's Group undertook to implement a residential investment on a property located in Wrocław at ul. Braniborska, which is a multi-story residential building with a total area of approx. 18 thousands of m<sup>2</sup> with accompanying infrastructure,
- the parties undertook to conclude an agreement on the transfer of rights to the property together with completed investment (Promised Agreement) for the total price being equivalent of approx. 20% of consolidated revenues of the Issuer's Capital Group for 2019.

Condition for conclusion of the Final Agreement is, in particular, signing of the final investment acceptance protocol. Financing of individual stages of investment will be carried out by Buyer in the form of down payment (10% of price), and then advance funding. Completion of investment and signing of the Final Agreement is scheduled for the second half of 2023.

Preliminary Agreement contains provisions on contractual penalties due in the case of, inter alia, delays in investment implementation. The maximum total amount of contractual penalties was set at a few percent of the price. Each party has the right to withdraw from preliminary agreement in the event of a material breach of obligations by the other party. If the Buyer withdraws from the contract for reasons attributable to the Seller, the Seller shall reimburse the Buyer for all amounts paid by the Buyer towards the price, and the down



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payment will be refunded in double amount. A formal condition was included in preliminary agreement, which was met on 26<sup>th</sup> of March 2021.

The agreement was the subject of the Issuer's current report (pursuant to Article 17 (1) of the MAR Regulation) no. 11/2021. In addition, the Issuer announced about signing of a letter of intent (current report no. 26/2020) and about changes in deadlines for conclusion of preliminary agreement (Current reports. No. 26/2020, 33/2020, 37/2020, 3/2021 and 6/2021) In the past, the Issuer also announced about an investment concerning property in Wrocław at ul. Braniborska - in current reports No. 62/2017 and 39/2020.

### 13.2. AGREEMENTS OTHER THAN CONCLUDED IN THE NORMAL COURSE OF BUSINESS ACTIVITIES

Below is a summary of all material agreements applicable to the Issuer and the Issuer's Group Entities that have not been entered into in the normal course of business activities of the Issuer's Group and which may result in creation of obligation or right on the part of any member of the Group, which may be significant for the Issuer's ability to fulfill its obligations. to the holders of the Bonds.

#### 13.2.1. Summary of significant agreements to which the Issuer is a party

##### 13.2.1.1. Credit agreements, loans

Creditor	Type of credit	Amount of credit (in thousands of PLN)	Destiny (in thousands of PLN) As at 31.12.2020	Repayment date	Subject changes after 31.12.2020
mBank S.A.	working capital credit	25.000,00	0,00	30.06.2021	Rights and obligations under Agreement assumed by Dekpol Budownictwo Sp. z o.o.
mBank S.A.	Bank overdraft	10.000,00	9.662,00	30.06.2021	Rights and obligations under Agreement assumed by Dekpol Budownictwo Sp. z o.o.
Santander Bank Polska S.A.	Bank overdraft	6.000,00	2.805,00	22.12.2021	Rights and obligations under Agreement assumed by Dekpol Budownictwo Sp. z o.o.
Santander Bank Polska S.A.	Revolving credit	<b>EUR</b> 1.100,00	<b>EUR</b> 0,00	31.07.2021	Rights and obligations under



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					Agreement assumed by Dekpol Budownictwo Sp. z o.o.
SGB-Bank S.A.	Revolving credit	30.000,00	6.034,00	14.07.2022	Accession to debt by Dekpol Budownictwo Sp. z o.o.
SGB-Bank S.A.	Bank overdraft	15.000,00	0,00	14.07.2022	Accession to debt by Dekpol Budownictwo Sp. z o.o.
Alior Bank S.A.	Bank overdraft	10.000,00	10.000,00	16.07.2021	Accession to debt by Dekpol Budownictwo Sp. z o.o.
Powszechna Kasa Oszczędności Bank Polski S.A.	Agreement of multipurpose limit of credit (Bank overdraft, working credit)	25.000,00	15.299,00	15.07.2022	Accession to debt by Dekpol Budownictwo Sp. z o.o.
Powszechna Kasa Oszczędności Bank Polski S.A.	Investment credit	7.000,00	6.606,00	16.07.2026	-

Source: Issuer.

### 13.2.1.2. Bonds

Series	Destiny	Amount (in thousands of PLN)	Outstanding amount (in thousands of PLN)	Repayment date
DA	Financing of real-estate development investments	15.000,00	15.000,00	30.04.2021
DB	Financing of real-estate development investments	20.000,00	20.000,00	30.04.2021
I	Financing the current operations of the Issuer's Group and repayment of debt under G and H series bonds	50.000,00	50.000,00	28.10.2023
J	The purpose of the issue was not specified in the information memorandum or in the terms of the issue. The Issuer's intention is to finance its operations	11.000,00	11.000,00	22.06.2024
K	Financing the current operations of the Issuer's Group and repayment of debt under G and H series bonds	21.500,00	21.500,00	23.08.2024
L	Financing the current operations of the Issuer's Group	17.650,00	17.650,00	23.08.2024



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Source: Issuer.

### 13.2.1.3. Other agreements

Creditor	Type of agreement	Liability amount (in thousands of PLN)	Utilization of the limit (in thousands of PLN) As at 31.12.2020	Availability period	Subject changes after 31.12.2020
Santander Bank Polska S.A.	Agreement for the provision of bank guarantees	15.000,00	11.235,42	07.12.2021	Accession to agreement by Dekpol Budownictwo Sp. z o.o. *
Santander Bank Polska S.A.	Agreement for the provision of bank guarantees	10.000,00	0,00	30.11.2021	Rights and obligations under Agreement assumed by Dekpol Budownictwo Sp. z o.o.
Santander Bank Polska S.A.	Transaction limit	16.000,00	9.239,00	31.10.2021	Rights and obligations under Agreement assumed by Dekpol Budownictwo Sp. z o.o.
Powszechna Kasa Oszczędności Bank Polski S.A.	Umowa limitu kredytu wielocelowego (gwarancje bankowe)	5.000,00	736,60	15.07.2022	-
Powszechna Kasa Oszczędności Bank Polski S.A.	Transaction limit	6.710,00	4.561,00	09.09.2021	Rights and obligations under Agreement assumed by Dekpol Budownictwo Sp. z o.o.
mBank S.A.	Transaction limit	2.000,00	894,00	30.06.2021	Rights and obligations under Agreement assumed by Dekpol Budownictwo Sp. z o.o.
Sopockie Towarzystwo Ubezpieczeń Ergo Hestia S.A.	Agreement for the provision of insurance guarantees	45.000,00	27.908,00	-	Accession to agreement by Dekpol Budownictwo Sp. z o.o. *
AXA Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji S.A.	Agreement for the provision of insurance guarantees	40.000,00	25.100,00	31.10.2021	Accession to agreement by Dekpol Budownictwo Sp. z o.o. *

Source: Issuer.



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\* Agreement concluded by the creditor, the Issuer and Dekpol Budownictwo Sp. z o.o. - Entities from the Issuer's Group participate in the agreement as jointly and severally liable.

### 13.2.2. Summary of significant agreements to which a member of Issuer's group is a party

#### 13.2.2.1. Credit agreements, loans

##### I. Borrower: Dekpol Steel Spółka z ograniczoną odpowiedzialnością

Creditor	Type of credit	Credit amount (in thousands of PLN)	Utilization of the credit (in thousands of PLN) As at 31.12.2020	Repayment date
Alior Bank S.A.	Bank overdraft	20.000,00	2.760,00	02.07.2022

Source: Issuer.

##### II. Borrower: Dekpol Inwestycje Spółka z ograniczoną odpowiedzialnością Sol Marina Spółka komandytowa

Creditor	Type of credit	Credit amount (in thousands of PLN)	Utilization of the credit (in thousands of PLN) As at 31.12.2020	Repayment date
Alior Bank S.A.	Non-renewable loan in a credit account	4.800,00	0,00	31.07.2022
Creditor	Type of credit	Credit amount (in thousands of PLN)	Utilization of the credit (in thousands of PLN) As at 31.12.2020	Repayment date
Alior Bank S.A.	Renewable loan in a credit account	59.161,89	0,00	31.07.2022

Source: Issuer.

##### III. Borrower: Dekpol Budownictwo Spółka z ograniczoną odpowiedzialnością

Creditor	Type of credit	Credit amount (in thousands of PLN)	Utilization of the credit (in thousands of PLN) As at 31.12.2020	Repayment date
mBank S.A.	Working capital credit	25.000,00	0,00	30.06.2021
mBank S.A.	Bank overdraft	10.000,00	9.662,00	30.06.2021
Santander Bank Polska S.A.	Bank overdraft	6.000,00	2.805,00	22.12.2021
Santander Bank Polska S.A.	Revolving credit	EUR 1.100,00	EUR 0,00	31.07.2021

Source: Issuer.

#### 13.2.2.2. Bonds



## PROSPECTUS OF DEKPOL S.A.

### I. Emitent: Dekpol Developer Spółka z ograniczoną odpowiedzialnością

Series	Purpose	Amount (in thousands of PLN)	Outstanding amount (in thousands of PLN)	Repayment date
A	Financing of acquisition of properties and current operations	30.000	21.500,00	19.06.2022 (Partial repayment took place in 12.2020)
B	Financing the current operations of the Issuer's Group, in particular financing of purchase of ground properties	10.000	10.000	01.08.2024

Source: Issuer.

### 13.2.2.3. Other agreements

#### I. Factor: Dekpol Steel Spółka z ograniczoną odpowiedzialnością

Creditor	Type of agreement	Credit amount (in thousands of PLN)	Utilization of the credit (in thousands of PLN) As at 31.12.2020	Repayment date
Santander Factoring Sp. z o.o.	Factoring without taking over the risk	24.000,00	10.614,00	31.10.2021

#### II. Obligated entity: Dekpol Budownictwo Spółka z ograniczoną odpowiedzialnością

Creditor	Type of agreement	Credit amount (in thousands of PLN)	Utilization of the credit (in thousands of PLN) As at 31.12.2020	Repayment date
Santander Bank Polska S.A.	Agreement for the provision of bank guarantees	15.000,00	11.235,42	07.12.2021 *
Santander Bank Polska S.A.	Agreement for the provision of bank guarantees	10.000,00	0,00	30.11.2021
Santander Bank Polska S.A.	Transaction limit	16.000,00	9.239,00	31.10.2021
Powszechna Kasa Oszczędności Bank Polski S.A.	Transaction limit	6.710,00	4.561,00	09.09.2021



## PROSPECTUS OF DEKPOL S.A.

<b>mBank S.A.</b>	Transaction limit	2.000,00	894,00	30.06.2021
<b>Sopockie Towarzystwo Ubezpieczeń Ergo Hestia S.A.</b>	Agreement for the provision of insurance guarantees	45.000,00	27.908,00	- *
<b>AXA Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji S.A.</b>	Agreement for the provision of insurance guarantees	40.000,00	25.100,00	31.10.2021*

Source: Issuer.

\* Agreement concluded by the creditor, the Issuer and Dekpol Budownictwo Sp. z o.o. - Entities from the Issuer's Group participate in the agreement as jointly and severally liable.

## 14. AVAILABLE DOCUMENTS

### 14.1. DECLARATION OF THE ISSUER

The Issuer declares that during the validity period of this Prospectus, the following documents can be read on the Website:

- Issuer's Articles of Association,
- Information from the Issuer's National Court Register (KRS),
- financial statements of the Issuer and consolidated financial statements of the Issuer's Capital Group along with the auditor's reports for financial years 2018 and 2019,
- interim consolidated financial statements of the Issuer's Capital Group for 6-months period ended on 30<sup>th</sup> of June 2020 and for 9-months period ended on 30<sup>th</sup> of September 2020.

The Issuer also allows to familiarize with individual financial statements of companies from the Issuer's Capital Group for financial year 2019 and with auditor's reports on audit at Issuer's registered office.

Upon request, the Issuer and Investment Company will deliver a copy of Prospectus on a durable medium free of charge to any potential Investor. If a potential Investor explicitly requests a paper copy, the Issuer and Investment Company will provide a paper version of Prospectus. The obligation to deliver is limited to the jurisdiction in which the Public Offering of Bonds is made.





## **PART IV – OFFERING DOCUMENT**

### **1. RESPONSIBLE PERSONS, THIRD PARTY INFORMATION, EXPERTS REPORTS AND APPROVAL BY COMPETENT AUTHORITY**

All persons responsible for information contained in the Prospectus are indicated in point 1.1 Part III of the Prospectus - "Registration Document".

Declarations of persons responsible for information contained in the Prospectus are included in point 1.1 part III of the Prospectus - "Registration Document".

A note on information obtained from third parties for purposes of the Prospectus has been included in point 1.2 part III of the Prospectus - "Registration Document".

The Issuer's declaration on approval of the Prospectus in accordance with provisions of the Prospectus Regulation is included in point 1.3 of Part III of the Prospectus - "Registration Document".

### **2. RISK FACTORS**

Risk factors related to the Offering, admission to trading and Bonds are presented in Part II of the Prospectus - "Risk Factors".

### **3. BASIC INFORMATION**

#### **3.1. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE OR THE OFFER**

In Issuer's opinion, as at Prospectus Date, interests of legal and natural persons are limited to participation in preparation of Bonds issue and its servicing. The entities particularly involved in preparation of the issue are Investment Company and members of distribution consortium, subscribing for Bonds, if any, Legal Advisor, as well as the Issuer and Issuer's managing and supervising persons.

Issuer's Management Board, due to intention to raise funds for further development, is interested in selling of maximum number of offered Bonds.

Investment Company concluded an agreement with the Issuer, under which provides the Company with services related to public offering of Bonds and introduction of Bonds to



trading. Remuneration of Investment Company depends on the number of Bonds sold. Therefore, Investment Company is interested in selling of maximum number of Bonds offered. Legal advisor concluded an agreement with the Issuer under which provides legal services in preparation of specific parts of Prospectus and its approval by Polish Financial Supervision Authority (KNF). Remuneration of legal advisor was set on a flat-rate basis, independent of results of the public offering of Bonds.

As at approval date of the Prospectus, the Issuer is not aware of any facts that would allow to believe that involvement of any of the abovementioned entities (and in particular of Investment Company) could or leads to a conflict-of-interest material to the issue of Bonds. The Issuer is also unaware of a possible conflict of interest between the aforementioned entities (including in particular with Investment Company). Cooperation with the above-mentioned entities (including in particular with Investment Company) will proceed on the basis of already signed agreements and legally binding regulations. For performance of the above-mentioned agreements, the above entities will receive remuneration.

### **3.2. REASONS OF ORGANIZATION OF THE OFFER AND ALLOCATION OF CASH**

The purpose of Bonds issue has not been specified. The purpose of issue of Bonds of a given series will be specified in Final Terms and Conditions of the given Series of Bonds.

The Issuer will allocate the net inflows from the Bonds issue to finance Issuer's working capital. The Issuer allows the possibility of using inflows from issue of Bonds to repay debt arising from redemption of previously issued bonds. If inflows from a given series of Bonds are to be used for specific purposes, including debt repayment, in particular due to redemption of previously issued bonds, information on this subject will be indicated in relevant Final Terms and Conditions of the given Series of Bonds.

Assuming that under Bond Issue Programme, on the basis of Prospectus, the Issuer will issue bonds up to the maximum amount of PLN 150,000,000 and that all these bonds will be acquired, estimated issue costs will amount approximately PLN 5,000,000, and the estimated net inflows will amount approximately 145,000,000 PLN.



## **4. INFORMATION ON BONDS WHICH ARE THE SUBJECT OF THE OFFER AUTHORIZED FOR TRADING**

### **4.1. DESCRIPTION OF TYPES AND CLASSES OF SECURITIES SUBJECT OF THE PUBLIC OFFERING OR AUTHORIZED FOR TRADING**

On the basis of this Prospectus and Final Terms and Conditions of the given Series of Bonds, as a part of Bond Issue Programme, pursuant to Art. 33 point 1 of the Act on Bonds, Bonds will be issued with a total nominal value of no more than PLN 150,000,000.

Nominal value of one Bond and the Issue Price of one Bond will be specified in Final Terms and Conditions of the given Series of Bonds.

Final number of Bonds offered within a given series will be provided in Final Terms and Conditions of Series, made available to the public in the manner in which this Prospectus was published, i.e. on the Website. Final Terms and Conditions of a given series will be made available on a date enabling Investors to familiarize themselves with their content, nevertheless no later than before commencement of subscription for a given series of Bonds.

information contained in Final Terms and Conditions of the Series in relation to individual series of bonds should be analyzed together the information contained in this Prospectus and any supplements. Final Terms and Conditions of a given series of issue along with this Prospectus and any supplements shall constitute Terms and Conditions of issue for individual series of Bonds within the meaning of Art. 5 of the Act on Bonds. Specimen of Final Terms and Conditions of Series is attached as Appendix no. 3 to the Prospectus.

Individual series of Bonds will be issued on the basis of resolutions of Issuer's Management Board, in accordance with resolution of Issuer's Management Board dated 29<sup>th</sup> of September 2020 on Bond Issue Programme with a total nominal value of no more than PLN 200,000,000 (two hundred million).

Bonds will be interest bonds. Bonds can be issued as covered or uncovered. Information on collateral will be specified in Final Terms and Conditions of the given Series of Bonds. In case of issue of Covered Bonds, the Issuer will supplement the Prospectus with an appropriate supplement in order to present the data required by provisions of Delegated Regulation, including in particular those specified in its Annex no. 21.

Transfer of rights from Bonds will not be limited and will be carried out in accordance with provisions of the Act on Trading and the KDPW Regulations.

Pursuant to Art. 8 sec. 1 and 2 of the Act on Bonds, the Bonds will be dematerialized (they will not have the form of a document) and will be registered at KDPW pursuant to Art. 8 sec. 2 of the Act on Bonds and Art. 5 of the Act on Trading.



As at Prospectus Date, Bonds are not marked with the ISIN code by KDPW. Immediately after the KDPW assigns the ISIN code for Bonds of a given series issued under Bonds Issue Programme, the Issuer will notify Bondholders in the form of a current report.

## **4.2. LEGAL PROVISIONS UNDER WHICH THE SECURITIES WERE CREATED**

Bonds are created pursuant to provisions of the Act on Bonds and the Act on Public Offering.

## **4.3. FORM OF BONDS**

Bonds are bearer securities. Bonds will not be in the form of a document; thus, they will be dematerialized.

On the Issue Date, Bonds will be registered in Depository pursuant to agreement concluded by the Issuer with KDPW pursuant to Art. 8 sec. 2 of the Act on Bonds and Art. 5 sec. 1 of the Act on Trading or Art. 7a paragraph 10 of the Act on Trading.

The entity responsible for keeping deposit in which Bonds will be registered will be the Krajowy Depozyt Papierów Wartościowych S.A. with its headquarter in Warszawa (00-498) at ul. Książęca 4 (KDPW).

## **4.4. TOTAL AMOUNT OF SECURITIES IN PUBLIC OFFERING / AUTHORIZED FOR TRADING**

This Prospectus has been prepared in connection with intention to offer Bonds with a total nominal value of no more than PLN 150,000,000 (one hundred and fifty million) in a public offering.

Nominal value of one Bond and final number of Bonds offered within a given series will be specified in Final Terms and Conditions of Series, made available to the public in the manner in which this Prospectus was published, i.e. on the Website. Final terms and conditions of a given series will be made available on a date enabling investors to familiarize themselves with their content, nevertheless no later than before commencement of subscription for a given series of Bonds.

Individual series of Bonds under the Programme will be issued on the basis of resolutions of Issuer's Management Board, in accordance with resolution of Issuer's Management Board dated 29<sup>th</sup> of September 2020 on Bond Issue Programme with total nominal value of no more than PLN 200,000,000 (two hundred million).



#### **4.5. CURRENCY OF SECURITIES ISSUE.**

The currency of the issued Bonds will be Polish zloty (PLN).

#### **4.6. RELATIVE SENIORITY OF THE SECURITIES IN THE ISSUER'S CAPITAL STRUCTURE IN THE EVENT OF INSOLVENCY, INCLUDING, WHERE APPLICABLE, INFORMATION ON THE LEVEL OF SUBORDINATION OF THE SECURITIES AND THE POTENTIAL IMPACT ON THE INVESTMENT IN THE EVENT OF A RESOLUTION UNDER DIRECTIVE 2014/59/UE.**

Final Terms and Conditions of a given series will determine whether bonds issued in a given series will be uncovered or covered, and whether any collateral will consist in establishment of a property right on an asset of the Issuer. In case of issue of covered Bonds, the Issuer will supplement Prospectus with an appropriate supplement in order to present data required by provisions of Delegated Regulation, including in particular those specified in its Annex 21.

In case of issue of specific series of uncovered Bonds, obligations under Bonds will constitute direct, unconditional, subordinated liabilities of the Issuer, unsecured on Issuer's property, which are equal and without priority satisfaction in relation to each other and, subject to exceptions resulting from mandatory provisions of law, will be equivalent (*pari-passu*) in relation to all other current or future uncontrolled and unsecured liabilities of the Issuer.

In case of issue of specific series of Bonds covered in kind on Issuer's property, liabilities from these Bonds will be direct, unconditional, subordinated and secured liabilities of the Issuer, which are equal and without priority to each other. In such case, obligations under Bonds will be equivalent to any current or future non-subordinated obligations of the Issuer, subject to priority resulting from establishment of a right in rem over Issuer's property.

#### **4.7. DESCRIPTION OF RIGHTS RELATING TO SECURITIES, INCLUDING ANY LIMITATIONS ON THESE RIGHTS, AND PROCEDURE FOR EXERCISING OF THESE RIGHTS.**

##### **4.7.1. General information**

As a part of Bonds Issue Programme, bearer Bonds will be issued with a total nominal value of no more than PLN 150,000,000 (one hundred and fifty million).

Bonds will only entitle to cash benefits in form of payment of amount corresponding to nominal value of Bonds and Interest. Cash benefits will be paid by the Issuer in Polish zlotys (PLN).



Cash payments for redemption of bonds and interest will be provided by the Issuer through the KDPW, in accordance with Regulations of KDPW.

If the Payment Day for a given benefit under Bonds falls on a day which is not a business day, payment of this benefit shall take place on the first business day thereafter, without the right to demand interest for delay or any other additional payments. Cash benefits from Bonds will be provided to entities that are Bondholders on the Date of Establishing the Rights to receive benefits under Bonds. The Issuer is responsible for obligations arising from Bonds using all his assets. Limitation period for claims under Bonds, including periodic benefits, amounts 10 years. Upon redemption, Bonds are redeemed.

## 4.7.2. The right to redeem Bonds

### 4.7.2.1. Maturity Day

Bond Redemption Date will be specified in Final Terms and Conditions of Series in point 3.

### 4.7.2.2. Early redemption

Final Terms and Conditions of a given Series may provide for events, the occurrence of which will result in earlier maturity date of Bonds than Redemption Date (Early Redemption Date). In particular, Final Terms and Conditions of a given Series may stipulate that, if certain conditions are met, Bonds are subject to early redemption at the request of the Issuer or at the request of a Bondholder.

Final Terms and Conditions for a given Series may provide that in the event of early redemption of Bonds at the request of the Issuer, a Bondholder will be entitled to receive an additional premium in addition to nominal value of Bonds and the Interest due until Early Redemption Date.

Regardless of the above, in accordance with Art. 74 sec. 2 of the Act on Bonds, if the Issuer is in delay with timely performance of all or part of obligations under Bonds, the Bonds, at the request of a Bondholder, are subject to immediate redemption in the part in which they provide for cash benefits. A Bondholder may also request redemption of Bonds in the event of a delay not shorter than 3 days, not attributable to the Issuer, unless Final Terms and Conditions of Issue of a given series of Bonds indicate a shorter period. Pursuant to Art. 74 sec. 4 of the Act on Bonds, in the event of a merger of the Issuer with another entity, its division or transformation of legal form, Bonds are subject to immediate redemption in the part in which they provide for a cash payment, if the entity that assumed obligations of the Issuer under bonds, in accordance with the Act on Bonds is not authorized to issue them. Moreover, pursuant to Art. 74 sec. 5 of the Act on Bonds, the Bonds are subject to immediate redemption on the day of opening of Issuer's liquidation, even if redemption date has not yet occurred.



#### 4.7.2.3. Value and redemption method

Redemption of Bonds will follow in such a manner, that the Issuer pays to a Bondholder the nominal value of Bonds (Principal Receivable) for each Bond held by the Bondholder on the date on which redemption rights were established.

Redemption will take place through the payment of redemption benefit to Bondholder's cash account used to service Bondholder's securities account. The amount of redemption benefit will be determined on the basis of the amount of Bonds held on Bondholder's securities account or Bondholders' rights to be held on collective account at the end of the day on which the right to redemption benefits is established. Date of Determining the Right to Redemption Benefits will be the 5th (fifth) Business Day before Redemption Date or another day determined in accordance with Regulations of KPDW, which will be specified separately for each series of Bonds and presented in Final Terms and Conditions of Series in Point 3.

#### 4.7.3. Interest benefits

The Bondholder, in addition to the benefit for redemption of Bonds, will be entitled to receive Interest. Interest will be calculated in the period from the date of issue of Bonds (excluding this day) until Redemption Date (including this date) or until Early Redemption Date (including this date).

Interest will be payable in arrears on the date of payment specified in Final Terms and Conditions of the Series concerned. Interest Payment Date will also be the last day of interest period, i.e. the period for which interest will be charged on the nominal value of Bonds. Final Terms and Conditions of the given series will provide for the number of interest periods and their length.

The first interest period will begin on the Bond issue date (excluding that day) and will end on the last day of a given interest period (including this date). Each subsequent interest period will begin on the last day of the previous interest period (excluding this day) and will end on the last day of the interest period (including this day). The last interest period will end on Redemption Date (including this date).

After Redemption Date, Bonds will not bear interest, unless the Issuer is late with performance of obligations under Bonds. In the latter case, Bonds will bear interest at the statutory delay interest rate, calculated for the period from payment due date to payment date.

Bonds will bear interest at a fixed or variable interest rate specified in Final Terms and Conditions of the Series.

The amount of Interest benefit will be determined on the basis of the number of Bonds held on Bondholder's securities account or Bondholders entitled to Bonds held on the collective account at the end of Interest Right Determination Date. Interest Entitlement Date will be the 5th (fifth) Business Day before Interest payment date or another day determined in accordance with regulations of KDPW, which will be specified separately for each series of Bonds and presented in Final Terms and Conditions of the Series in Point 3.

A detailed description of Interest benefits is presented in point 4.8 of this part of the Prospectus.



#### 4.7.4. Non-cash benefits

The bonds will not entitle to any non-cash benefits.

### 4.8. NOMINAL INTEREST RATE AND RULES FOR PAYMENT OF INTEREST

The bonds bear interest.

#### **Payment of interest**

Bonds bear interest starting from Issue Date (excluding this day). Interest will be payable in arrears on the Interest Payment Date. If the Interest Payment Day does not fall on a Business Day, the Issuer undertakes to pay Interest on the first Business Day following that Interest Payment Date.

#### **Calculation of Interest**

Interest will be calculated on the nominal value of Bonds for a given Interest Period. Interest on Bonds will be calculated in the period from the Issue Date (excluding that day) to:

- the Redemption Date (including this date), or
- Early Redemption Date (including this date).

The first Interest Period begins on Issue Date (excluding that day). Each subsequent Interest Period begins on the last day of the previous Interest Period (excluding this day) and ends on the last day of Interest Period (including this day). After Redemption Date, Bonds do not bear interest, unless the Issuer is late with performance of Bonds. In the latter case, Bonds will bear interest at the statutory interest rate calculated for the period from Redemption Date to the day preceding day of payment of cash payments from Bonds, inclusive.

Information on the date of commencement of payment of Interest, on required Interest payment dates (i.e. on Interest Payment Days) for Bonds of a given series and on Base Rate, constitute information marked as category C in Annex 14 to Commission Delegated Regulation (EU) 2019/980 and it is not possible to include them in this Prospectus. This information will be supplemented in Final Terms and Conditions for a given Series made available to the public prior to commencement of subscription for a given series of Bonds.

#### **The amount of interest**

The interest on Bonds will be calculated according to the following formula:

$$O = N * Opr * \frac{LD}{365}$$

where:

O – amount of Interest on one Bond for a given Interest Period

Opr – interest rate

N – nominal value of one Bond





LD – actual number of days in a given Interest Period (where in the case of early redemption, the Interest Period ends on Early Redemption Date)

Result of the above math operation is rounded to one grosz (PLN) (where 5/10 and larger parts of grosz will be rounded up).

Interest Amount for a given Interest Period will be calculated by Calculation Agent. Calculation Agent will notify the Issuer of the Interest amount for a given Interest Period. Calculation Agent will perform its duties within time limits provided for in Terms and Conditions of Issue and in accordance with applicable laws.

#### 4.9. MATURITY DATE

Bonds will be redeemed on Redemption Date or on dates of early redemption in accordance with provisions of the Basic Terms and Conditions of Bonds Issue and Final Terms and Conditions of Bonds Issue.

For redemption of each Bond on Redemption Date or, respectively, on dates of early redemption, the Issuer is obliged to make payment of Principal Sum together with due and unpaid Interest to Bondholders together with a possible premium in the event of early redemption at the request of the Issuer. Upon redemption, Bonds are redeemed.

Maturity period of Bonds will be specified separately for each series of Bonds in the Final Terms and Conditions of the given Series of Bonds.

##### **Right of the Issuer to redeem Bonds prior to Redemption Date**

The Issuer is entitled to early redemption of a specified number of Bonds on each of Interest Payment Days, starting from the Interest Payment Date for the 1<sup>st</sup> Interest Period.

In order to make an early redemption, the Issuer shall notify the Bondholders of exercising the right of early redemption, indicating in such notification the Interest Payment Date on which the Issuer will redeem Bonds earlier, i.e. the Early Redemption Date. The Early Redemption Date may be set on a date which falls no earlier than 30 days from the date of notification made to Bondholders about exercising of early redemption right.

Early Redemption will be conducted in accordance with the KDPW Regulations.

For the performance of Early Redemption, the Issuer will pay to Bondholders a premium calculated on the nominal value of Bonds subject to a given early redemption, in accordance with Basic Terms and Conditions of the Bond Issue.

##### **Immediate Bond Redemption**

Regardless of provisions contained in Basic Terms and Conditions of the Bond Issue, in case of:



## PROSPECTUS OF DEKPOL S.A.

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- Issuer's liquidation, all Bonds are subject to immediate redemption on the day the liquidation is opened;
- merger of the Issuer with another entity, its division or transformation of legal form, Bonds are subject to immediate redemption if the entity that assumed obligations of the Issuer under Bonds, in accordance with the Act on Bonds, does not have the right to issue them.
- Issuer is in delay with timely performance, in whole or in part, of obligations under Bonds, Bonds are subject to immediate redemption at the request of the Bondholder.
- Issuer will be in a delay without fault, not shorter than 3 days, in performance, in whole or in part, of obligations under Bonds, Bonds shall be subject to immediate redemption at the request of the Bondholder.
- Issuer will not establish any security within time limits resulting from Final Terms and Conditions of a given Series, Bonds are subject to immediate redemption at the request of the Bondholder.

In the event that any of events indicated below (**Early Redemption Basis**) occurs, each Bondholder may request redemption of Bonds held by the Bondholder from the date on which the Issuer should notify about the occurrence of such an event in accordance with point 15.2 of the Basic Terms and Conditions of Issue by 30 (thirty) days from the date on which the Issuer notified the Bondholders about the occurrence of the Early Redemption Basis. The Bonds indicated in request, the Issuer undertakes to redeem within 30 (thirty) days from the date of submission of the request, unless, before the Bondholder submits request for early redemption, the actual state constituting the basis for the Early Redemption will cease to last, and all its legal effects will be removed, as if the Basis for Early Redemption has never occurred, of which the Issuer will notify the Bondholders in the manner provided for in Basic Terms and Conditions of Bonds Issue:

### Change in the Basic Business Activity

The Issuer will change the type of its Basic Business Activity.

A change in the type of conducted Basic Business Activity is, in a significant part, understood as a situation in which the Issuer's Group revenues from the Main Business Activities amount to less than 75% of total revenues of the Issuer's Group, based on the last annual and semi-annual consolidated financial statement of the Issuer's Group.

### Cessation of business activities

The Issuer will cease or declare that it intends to discontinue, in whole or in a significant part, of the Main Business Activity which it conducted on the date of adoption of the resolution of Issuer's Management Board on adoption of Final Terms and Conditions of given Series of Bonds with the provision that this point does not affect the transfer of an organized part of Issuer's enterprise in the field of general contracting activities, by transferring of it to an Entity from the Issuer's Group - a single-member limited liability company (without participation of third parties).

### Division, merger or transformation

There will be a division, except for division referred to in Art. 529 § 1 point 4) of the Commercial Companies Code (division by spin-off), merger or transformation with participation of any



## PROSPECTUS OF DEKPOL S.A.

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entity from the Issuer's Group within the meaning of the Commercial Companies Code, other than the one referred to in point 10.5.2. of Basic Terms and Conditions of the Issue. At the same time, it is allowed to split, merge or transform Entities from the Issuer's Group within the Issuer's Group, without participation of third parties.

### Sales of divided company

Prior to redemption of Bonds, the Issuer will sell or encumber any stocks or shares acquired by the Issuer as a result of division of the Entity from the Issuer's Group, described in point 0 of Basic Terms and Conditions of Issue.

### Settlement of liabilities by the Issuer

- i. Issuer has not made payments due to legally valid judgments or final administrative decisions ordering a payment in the total amount exceeding 10% of Consolidated Equity, and the Bondholders' General Meeting may set a different percentage limit, or
- ii. issuer has announced that it has become unable to pay its debts as they become due, or
- iii. Issuer has permanently ceased to perform its due obligations or announced such intention.

### Net debt of the Issuer's Group

On Verification Day, the indicator will be higher than 1.1.

### Financial debt

Issuer's financial debt or financial debt of an entity from the Issuer's Group, in the total amount exceeding equivalent of PLN 5,000,000.00 (five million), has not been repaid on time or has been legally effective and is due before the agreed maturity date of such Financial Debt due to a demand early repayment of such a Financial Debt as a result of an event of breach (as freely described) and the maturity has not been removed within the period provided for in agreements / documents related to establishment of this debt, until such breach (including repayment) is removed, and in the absence of such period within the period 7 (seven) days from the date it becomes payable;

### Financing of entities from outside the Issuer's Group

The Issuer or any entity from the Issuer's Group:

- i. grants or undertakes to grant a loan or financing in the total amount exceeding 1 (one)% of Consolidated Equity of the Issuer's Group to a third party, i.e. not belonging to the Issuer's Group. For avoidance of doubt, the payment of advance payments to third parties for contractual benefits does not constitute a breach of this point;
- ii. will grant or undertake to grant to an entity outside the Issuer's Group a guarantee, surety or other security for liabilities of an entity outside the Issuer's Group in the amount exceeding 1 (one)% of Consolidated Equity of the Issuer's Group in total or will perform other legal actions with economic effects similar to any of the above-mentioned, to an entity outside the Issuer's Group; the above limitation does not apply to granting guarantees, sureties and other securities that do not constitute Financial



## PROSPECTUS OF DEKPOL S.A.

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Indebtedness, including in particular those customarily provided by investor or general contractor or contractor in the course of construction process or sales of apartments (including quality guarantees, performance guarantees construction, guarantees for subcontractors) or manufacturer of products and materials for industrial purposes (including, in particular, quality guarantees); and the state of exceeding the above-mentioned limits will continue after 7 (seven) days from the date of such exceeding.

### Profit. Payment of dividends by the Issuer.

Prior to the date of meeting of all obligations under Bonds, the Issuer will make payments for participation in Issuer's company to any of shareholders (including in particular reduction of share capital, redemption of shares or acquisition of shares, payment of profit (dividend) or advance payments towards profit (dividends)) with a value exceeding, individually or in total, in a given calendar year (during the next 12 calendar months) 30 (thirty)% of net profit of Issuer's Group, shown in the last annual consolidated financial statement of the Issuer's Group.

### Grossly unfavorable transaction

The Issuer or another Entity from the Issuer's Group will make transaction or a set of series of transactions for another entity, not belonging to the Issuer's Group, the subject of which will be assets with a market value individually or in total exceeding 1 (one) % of Consolidated Equity of the Issuer's Group, on the basis of grossly diverging, to Issuer's disadvantage or an Entity from the Issuer's Group, from those generally applicable in trade, and in case of sales, asset sold (assets sold) will not (will) be replaced at its market value with another asset (other assets) of the same or similar market value, with exception of disposals or transactions consisting in establishing collaterals in connection with obtaining of financing for business activities of the Issuer or an Entity from the Issuer's Group.

### Issuer's insolvency

- i. The Issuer will become insolvent under provisions of the Bankruptcy Law or Restructuring Law;
- ii. The issuer will acknowledge its insolvency in writing or, due to inability in meeting its obligations on time, will negotiate with all of its creditors.

### Bankruptcy or restructuring proceedings

- i. A meeting of any Issuer's governing body will be convened to adopt a resolution:
  - a. on filing a petition for declaration of the Issuer's bankruptcy, or
  - b. on submission of an application to initiate restructuring proceeding of the Issuer within the meaning of Art. 2 of the Restructuring Law; or
  - c. on taking of any steps to initiate procedure for approval of arrangement within the meaning of Art. 2 point 1 of Restructuring Law in relation to the Issuer, in particular with regards to preparation of arrangement proposals, conclusion of agreement with arrangement supervisor referred to in Art. 210 of Restructuring Law or on determination of arrangement date within the meaning of Art. 211 of Restructuring Law; or



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- d. a meeting of any body of the Issuer will be held without convening, including the order or course of adopting a resolution on the above-mentioned cases; or
- ii. Any of resolutions referred to above will be adopted by the Issuer's body; or
- iii. The issuer will take any steps to initiate arrangement approval procedure within the meaning of Art. 2 point 1 of Restructuring Law (except for submission of an application for approval of arrangement), in particular, will conclude an agreement with arrangement supervisor referred to in Art. 210 of Restructuring Law or determine arrangement date within the meaning of Art. 211 of Restructuring Law or will submit arrangement proposals to creditors, including submission of voting cards referred to in Art. 212 and 213 of Restructuring Law; or
- iv. will be appointed a temporary court supervisor or a compulsory administrator of the Issuer's enterprise.

### Enforcement proceedings

Enforcement proceedings or seizure of assets will be initiated against the Issuer or any entity from the Issuer's Capital Group, the total value of which will exceed PLN 10,000,000.00 (ten million) individually or in total (over the next 12 months) (calculated in total in relation to the enforcement and seizure of the Issuer and all other entities from the Issuer's Group).

### Seizure by a bailiff

On the basis of enforceable document enabling enforcement from the Issuer or an entity of the Issuer's Group of a performance with a nominal value (without interest and awarded costs) constituting at least 2 (two) % of the value of the sum of assets indicated in the last approved consolidated financial statement of the Issuer's Group, in relation to assets components of the Issuer or an Entity from the Issuer's Group with a value equal to at least 2 (two) % of the value of total assets indicated in the last approved consolidated financial statement of the Issuer's Group), there was a seizure by a bailiff or enforcement was initiated, which was not redeemed or waived or in any other way suspended within 120 (one hundred and twenty) days from the date of receipt by the Issuer or an Entity of the Issuer's Group, respectively, of information on its commencement, and in the event of an appeal being lodged, it was not suspended within aforementioned period pending examination of appeal.

### Liquidation of the Issuer

A court will issue a decision to liquidate the Issuer or the General Meeting of Shareholders will adopt resolution on liquidation of the Issuer, or will be adopted a resolution to move Issuer's headquarter outside the territory of the country where the Issuer has its registered office on the Issue Date, or there will be one of reasons for dissolution of the Issuer indicated in Commercial Companies Code.

### Exclusion of Issuer's shares

Issuer's shares will be excluded from trading on GPW (WSE).

### Regulated market



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After introduction to trading on the Regulated Market, the Bonds will be withdrawn from trading on this market at the request of the Issuer or pursuant to the decision of GPW (WSE).

### Statements and assurances of the Issuer

Any statements and assurances made by the Issuer in Terms and Conditions of Issue proves to be untrue in whole or in part, at the moment in which it was made.

### Loss of control

There will be a loss of control.

### Information duties

The Issuer fails to perform or improperly performs its obligation to provide information in accordance with point 15 of Terms and Conditions of Issue and such breach has not been removed within 10 (ten) Business Days from the date of the event.

### Collateral

Where in Final Terms and Conditions of a given Series has been foreseen collateral:

- i. is ascertained / becomes ineffective invalidity or ineffectiveness of any of collateral for receivables from Bonds established in the performance of Terms and Conditions of Issue;
- ii. statements on submission to enforcement will not be submitted within time limits specified in Final Terms and Conditions of a given Series of Bonds;
- iii. within 30 days from the date on which the agreements with mortgage administrator, pledge administrator and security administrator, for any reason, will cease to be in force, a new mortgage administrator, pledge administrator and security administrator, respectively, will not be established.
- iv. The Issuer breaches provisions of agreements on the basis of which collateral of Bonds will be established in performance of Terms and Conditions of Bonds Issue.

## 4.10. INDICATION OF THE PROFITABILITY LEVEL

Among indicators calculating the yield on bonds, we distinguish:

- nominal profitability ratio,
- current profitability ratio.

### **Nominal profitability ratio**

Nominal yield on bonds is calculated by use of the following formula:

$$r_n = \frac{C}{W_n} * 100\%$$

where:

$r_n$  – nominal profitability

$C$  – interest due for one year

$W_n$  – nominal value of bond



Nominal profitability ratio shows the ratio of the value of the annual coupon to the nominal value of bond. It provides information on annual return rate on investment in Bonds at the time of issue.

#### **Current profitability ratio**

Current yield on bonds is calculated by use of the following formula:

$$r_b = \frac{C}{P} * 100\%$$

where:

$r_b$  – current profitability

C – interest due for one year

P – market value of bond

Current yield ratio shows the ratio of the value of the annual coupon to the current market price of bond. It provides information on the rate of return on investment in Bonds per year on the secondary market. It should be emphasized that along with changes in bond market price, current profitability ratio will also change.

If the value of interest to be paid in the future is known, the value of bonds can be calculated by use of the following formula:

$$P = \frac{C_1}{(1 + YTM)^1} + \frac{C_2}{(1 + YTM)^2} + \dots + \frac{C_n + W_w}{(1 + YTM)^n}$$

where:

P – value of bond

$C_1, C_2, C_n$  – size of interest streams

$W_w$  – redemption value

YTM – rate of return on maturity

n – number of interest periods

#### **4.11. METHOD OF REPRESENTATION OF BONDHOLDERS WITH INDICATION OF ORGANIZATION REPRESENTING INVESTORS AND REGULATIONS ON REPRESENTATION. INDICATION OF THE WEBSITE ON WHICH THE ALL INTERESTED PERSONS CAN GET FREE ACCESS TO AGREEMENTS CONCERNING THESE FORMS OF REPRESENTATION**

The Issuer does not plan to conclude a representation agreement with representative bank within the meaning of Art. 78 of the Act on Bonds.



## 4.12. LEGAL BASIS FOR THE ISSUE

Individual series of Bonds will be issued on the basis of:

- resolution of Issuer's Management Board dated 29<sup>th</sup> of September 2020 on Bond Issue Programme with a total nominal value of no more than PLN 200,000,000 (two hundred million),
- resolution of Supervisory Board dated 30<sup>th</sup> of October 2020 regarding consent on launching the Bond Issue Programme and issue of I-series bonds,
- resolution of Supervisory Board dated 14<sup>th</sup> of January 2021 regarding consent on issue of bonds under bonds issue programme established on the basis of Resolution of Management Board of the Company dated 29<sup>th</sup> of September 2020 (allowing issue of bonds up to the amount of PLN 75,000,000 seventy-five million),
- resolutions of Management Board and Supervisory Board (regarding issues in excess of PLN 75,000,000 (seventy-five million) regarding individual issues, which will be specified in Final Terms and Conditions of given Series.

## 4.13. EXPECTED BONDS ISSUE DATE

Issuer's intention is that the first series of Bonds under Programme will be issued in the second quarter of 2021.

## 4.14. DESCRIPTION OF ANY RESTRICTIONS ON TRANSFERABILITY OF SECURITIES

Transferability of Bonds is unlimited, subject to Art. 8 sec. 4 of the Act on Bonds, which stipulates that after entitlement to benefits due to redemption of bonds has been determined, the rights attached to these Bonds may not be transferred. However, according to Art. 8 sec. 5 of the Act on Bonds, if the Issuer has not met obligations for redemption of bonds within the time limit provided for in Final Terms and Conditions of the Given Issue or has only partially satisfied them, the possibility of transferring of rights from bonds will be restored after this date. The rights resulting from bonds may not be transferred to a retail client within the meaning of the Act on Trading.

In addition, the Issuer may purchase its own bonds only for the purpose of their redemption (Art. 76.1 of the Act on Bonds). The issuer may not purchase its own bonds after expiry of the deadline for meeting all obligations under bonds, specified in Terms and Conditions of the issue (Article 76 (2) of the Act on Bonds). An issuer in arrears with meeting of obligations under bonds may not acquire its own bonds (Article 76 (3) of the Act on Bonds).





## 4.15. INFORMATION ON TAXATION OF BONDS

### 4.15.1. Warning that tax laws of the Member State of the Investor and the Member State of issuer's country of incorporation may have an impact on income received from the securities

Tax laws of Investor's Member State and Issuer's incorporation Member State may affect the income earned on securities.

Tax information contained in this Prospectus does not constitute legal or tax advice, but is of a general nature, selectively presents individual issues and does not take into account all situations in which Investor may find. For this reason, potential Investors are advised to seek help of persons and entities professionally dealing with tax consultancy in order to obtain information about tax consequences occurring in their individual cases.

Information below is based solely on tax law provisions in force in the Republic of Poland at the time of preparation of the Prospectus and on interpretation of these provisions derived from practice of tax authorities and judgments of administrative courts. As a result of legislative changes or changes in interpretation of tax regulations, including changes in jurisprudence of administrative courts or practice of tax authorities, the statements contained in this Prospectus may become obsolete. Such a changes may be retroactive.

### 4.15.2. Information on taxation of securities when the proposed investment is subject to a tax system specific to this type of investment

#### 4.15.2.1. Personal income tax (PIT)

Description below does not include specific tax consequences applicable to subjective or objective exemptions from personal income tax.

##### 4.15.2.1.1. Natural persons subject to unlimited tax liability in the Republic of Poland

Pursuant to Art. 3 paragraph 1 of the PIT Act, Natural persons, if resident in the territory of the Republic of Poland, are liable for tax on their total income (revenue) irrespective of the location of the sources of revenue (unlimited obligation to pay tax). Pursuant to Art. 3 paragraph 1a of the PIT Act, A resident of the Republic of Poland is a natural person who: (i) has the center of personal or economic interest (center of interest) in territory of the Republic of Poland; or (ii) stays in the territory of the Republic of Poland for over 183 days in a given tax year. These provisions are applied taking into account relevant agreements on avoidance of double taxation to which the Republic of Poland is a party.



#### 4.15.2.1.1.1. Taxation of income (revenue) from interest (discount) on Bonds

Pursuant to Art. 17 paragraph 1 point 3 of the PIT Act, interest (discount) on securities (including bonds) is considered to be income from cash capitals. By discount, in accordance with Art. 5a paragraph 12 of the PIT Act, it should be understood as the difference between the amount obtained from the redemption of a security by the issuer and the expenses incurred to purchase the security on the primary or secondary market, and if the securities are inherited or awarded by way of a gift, the discount means the difference between the redemption price of these securities and the expenses incurred by a testator or a donor to purchase the security.

Pursuant to Art. 30a paragraph 7 of the PIT Act, income (revenue) from interest and discount on securities is not combined with income from other sources. Pursuant to Art. 30a paragraph 1 point 2 of the PIT Act, these revenues are taxed with 19% flat-rate income tax.

The flat-rate tax referred to above, in accordance with Art. 30a paragraph 6 of the PIT Act, is charged without reducing the revenue by tax deductible expenses.

Pursuant to Art. 41 paragraph 4 of the PIT Act, the payers referred to in Art. 41 paragraph 1 of the PIT Act, thus, Natural persons that conduct economic activity, legal persons and their organisational units as well as organisational units without legal personality, shall charge a flat-rate income tax on payments (benefits), or cash or cash values transferred at a taxpayer's disposal under the provisions of Article 30a paragraph 1 of this Act, subject to the cases described in Art. 41 paragraph 4d and art. 41 section 10 of the PIT Act. Pursuant to Article 41 paragraph 4d of the PIT Act flat-rate income tax on the income (revenue) insofar as it refers to the dividends and income (revenue) shall be charged by entities, as persons liable to pay tax, operating security accounts for taxpayers if the income (revenue) has been earned in the territory of the Republic of Poland and is connected with securities registered in said accounts, and the payment to the taxpayer is made through said entities. Pursuant to Art. 41 paragraph 10 of the PIT Act, insofar as securities registered in omnibus accounts are concerned, the persons liable to pay the flat-rate income tax on the dividend and income (revenue) and the flat-rate income tax are the entities operating omnibus accounts through which the amounts due are paid. The tax is charged on the day of placing the amounts due at the disposal of the omnibus account holder.

Thus, it is not the taxpayer, but the entity maintaining the securities account or collective account, by means of which the interest (discount) is paid, as the payer, who is responsible for the settlement of the 19% flat-rate income tax.

Pursuant to Art. 42 paragraph 1a of the PIT Act, by the end of January of the year following a tax year, the persons liable to pay tax, shall send annual declarations, as specified in a template, to the tax office.

Pursuant to Art. 42 paragraph 2 point 1 of the PIT Act, by the end of February of the year following the tax year, payers are required to send taxpayers subject to unlimited tax liability in the Republic of Poland and the competent tax office with personal information prepared in accordance with the established formula.



Pursuant to Art. 45 paragraph 3b of the PIT Act, if the tax is not collected by the payer, a natural person is obliged to independently settle the tax in the annual tax return submitted by April 30 of the year following the tax year.

Differences in relation to the above principles of tax settlement by the payer apply when the interest or discount income is transferred to taxpayers entitled to securities recorded in omnibus accounts, the identity of which has not been disclosed to the payer in the manner provided for in the Act on Trading. Pursuant to Art. 30a paragraph 2a of the PIT Act, in such a situation, the payer charges tax at the rate of 19% on the total value of income (revenues) transferred by him to all such taxpayers via the account holder. Moreover, pursuant to Art. 42 paragraph 8 of the PIT Act, the payer who made a payment of interest (discount) on securities to taxpayers who are entitled persons from securities registered in omnibus accounts, the identity of which has not been disclosed to the payer in the manner referred to in the Act on Trading, there is no obligation to send personal information referred to in art. 42 paragraph 2 point 1 of the PIT Act. In such a situation, in accordance with Art. 45 paragraph 3c of the PIT Act, the taxpayer is obliged to show in the annual tax return the amount of income (revenue) from interest or discounted securities.

The above-described taxation principles may not apply if a natural person holds bonds and obtains interest or discount on bonds in the course of business activity, i.e. bonds are treated as assets related to conducted activity. In such a case, interest or discount revenue should, as a rule, be treated as revenue from business activity and taxed according to rules applicable to the revenue from this source.

Notwithstanding the above, in accordance with Art. 21 paragraph 1 point 130c of the PIT Act, income generated by a taxpayer who does not have a place of residence in the territory of the Republic of Poland is free from tax (Article 3 (2a) of the PIT Act), from interest or discount on bonds with maturity not shorter than one year and simultaneously admitted to trading on a regulated market or introduced to an alternative trading system within the meaning of the Act on Trading in Financial Instruments, on the territory of the Republic of Poland or in the territory of a state that is a party to a double taxation avoidance agreement concluded with the Republic of Poland, the provisions of which define the rules of taxation of dividend income, interest and royalties, unless the taxpayer is a related entity within the meaning of art. 23m of paragraph 1 point 4 of the PIT Act or within the meaning of art. 11a paragraph 1 point 4 of the CIT Act with the issuer of these bonds and owns, directly or indirectly, together with other related entities within the meaning of these provisions, more than 10% of the nominal value of these bonds.

#### **4.15.2.1.1.2. Taxation of income (revenues) from sales of Bonds**

Pursuant to Art. 17 paragraph 1 point 6 lit. a) of the PIT Act, revenue from sales of securities (including Bonds) is revenue due from money capital.

Pursuant to Art. 30b paragraph 1 of the PIT Act, income tax on the income earned from gainful disposal of securities shall amount to 19%. This type of income, in accordance with Art. 30b paragraph 5 of the PIT Act shall not be aggregated with income from other sources.



Pursuant to Art. 30b paragraph 2 point 1 of the PIT Act, the income from the discussed source is calculated as the difference between the amount of revenue earned from gainful disposal of securities and tax-deductible expenses calculated on the basis of relevant provisions of the PIT Act (expenditure on purchase of securities).

Income from gainful disposal of securities arises when the ownership of the securities is transferred to the acquirer (Article 17 paragraph 1ab point 1 of the PIT Act). The income from gainful disposal of securities is their value expressed in the price specified in the contract. However, if the price, without a justified reason, significantly deviates from the market value of these securities, the income from gainful disposal of securities (including bonds) for consideration is determined by the tax authority at the market value (Article 19 (1) in conjunction with Article 17 (2) of the PIT Act).

The taxpayer is obliged to independently settle tax on gainful disposal of securities. Income from sales of securities should be shown by the taxpayer in a separate tax return referred to in Art. 45 sec. 1a of the PIT Act. The taxpayer draws up a tax return taking into account the personal information on the amount of income earned sent by natural persons conducting business activity, legal persons and their organizational units and organizational units without legal personality by the end of February of the year following the tax year.

The deadline for submitting the tax return by the taxpayer expires on 30<sup>th</sup> of April of the year following the tax year in which income from the sale of securities was generated. At the same time, the taxpayer is obliged to pay the tax due in the amount indicated in this tax return (Article 45 (4) (2) of the PIT Act).

The above principles relating to taxation of sales of bonds against payment shall not apply if sales against payment takes place in the course of business activity and the bonds are treated as assets related to the conducted activity. In such a case, income from sales of bonds should be treated as income from business activity and taxed according to the rules applicable to income from this source.

#### **4.15.2.1.2. Natural persons subject to limited tax liability in the Republic of Poland**

Pursuant to Art. 3 paragraph 2a of the PIT Act, Natural persons, if they do not reside in the territory of the Republic of Poland, are liable to pay tax only on income (revenue) earned in the territory of the Republic of Poland (limited obligation to pay tax). The above provisions are applied taking into account the relevant agreements on the avoidance of double taxation to which the Republic of Poland is a party. These agreements may, in particular, define the "place of residence" of a natural person differently and specify the concept of "center of vital interests".

##### **4.15.2.1.2.1. Taxation of income (revenue) from interest (discount) on Bonds**



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Revenues obtained by non-residents from interest and discounts on bonds issued by entities based in the territory of the Republic of Poland are treated as income (revenue) from sources of income located in the territory of the Republic of Poland.

The above-described principles of taxation of income (revenue) from interest and discounts on securities (including bonds) for natural persons who are Polish tax residents also generally apply to the same income obtained in the Republic of Poland by natural persons subject to limited tax liability in the Republic of Poland. This applies in particular to the payer's obligations to collect the tax, remit it to the competent tax office, submit an annual declaration to the competent tax office and send personal information according to the established formula referred to in Art. 42 paragraph 2 point 2 of the PIT Act to the taxpayer and the competent tax office. Additionally, in accordance with Art. 42 sec. 4 of the PIT Act, at the taxpayer's written request, the payer, within 14 days from the date of submitting the request, is obliged to prepare and send the taxpayer and the competent tax office the personal information referred to above.

Pursuant to Art. 30a paragraph. 2 of the PIT Act, provisions of Art. 30a paragraph. 1-5 of the PIT Act is applied taking into account agreements on avoidance of double taxation to which the Republic of Poland is a party. A double taxation treaty may provide for a lower withholding tax rate or allow no withholding tax at all. However, the application of the tax rate resulting from the relevant agreement on the avoidance of double taxation or failure to collect (not pay) the tax in accordance with such an agreement is possible provided that the taxpayer's place of residence is documented for tax purposes with a certificate of residence obtained from him (Article 30a (2) of the PIT Act).

### **4.15.2.1.2.2. Taxation of income (revenues) from sales of Bonds**

The above-described principles of taxation of income (income) from the sale of securities (including bonds), relating to natural persons who are Polish tax residents, generally also apply to income obtained in the territory of the Republic of Poland by natural persons subject to limited tax liability in the Republic of Poland.

Pursuant to Art. 30b paragraph. 3 of the PIT Act, provisions of paragraph 1 shall apply taking into account double taxation conventions to which the Republic of Poland is a party. However, the application of a tax rate arising from the appropriate double taxation convention or non-assessment (non-payment) of the tax pursuant to convention is possible if the place of residence of a taxpayer is proved for tax purposes with a tax residence certificate (Article 30b section 3 of the PIT Act).

### **4.15.2.2. Corporate Income Tax (CIT)**

#### **4.15.2.2.1. Taxpayers subject to unlimited tax liability in the Republic of Poland**



In the light of Art. 1 paragraph 1 and 2 of the CIT Act, corporate income tax payers are legal persons, companies in organization and organizational units without legal personality (except for companies without legal personality). Provisions of this Act also apply to limited joint-stock partnerships with their registered office or management board in the territory of the Republic of Poland, and from 1st of January 2021 also to limited partnerships and general partnerships (under terms of the CIT Act in the wording given by the Act of 28th of November 2020 amending the act on personal income tax, the act on Corporate Income Tax, the Act on Flat-Rate Income Tax on Certain Revenues Generated by Natural Persons and certain other Acts, Journal of Laws of 2020, item 2123) . Pursuant to Art. 3 paragraph 1 of the CIT Act, taxpayers who have their registered office or management in the territory of the Republic of Poland is subject to tax obligation, irrespective of where the income is earned (unlimited tax obligation).

#### **4.15.2.2.1.1. Taxation of income (revenue) from interest (discount) on Bonds**

Interest (discount) income from securities (including bonds) obtained by taxpayers of corporate income tax subject to unlimited tax liability in the Republic of Poland are subject to taxation under the source of income, i.e. capital gains (Article 7b paragraph 6 point b of the CIT Act). Income from capital gains is not aggregated with income obtained by the taxpayer from other sources.

Tax on income earned by the taxpayer from capital gains is 19% of the tax base. The tax on this account the taxpayer is obliged to settle the tax on his / her own in the tax return, which should be submitted by the end of the third month of the year following the tax year in which the interest income (discount) on securities was earned. At the same time, the taxpayer should pay the tax due or the difference between the tax due on the income indicated in the tax return and the sum of advance payments due for the period from the beginning of the year (Article 27 (1) of the CIT Act).

#### **4.15.2.2.1.2. Taxation of income (revenues) from sales of Bonds**

Pursuant to the CIT Act, revenues obtained from sales of securities (including bonds) by taxpayers of corporate income tax subject to unlimited tax liability in the Republic of Poland are subject to taxation under the source of revenues, i.e. capital gains. Income from the sale of securities against payment is not aggregated with income obtained by the taxpayer from other sources of income and is subject to taxation under the source of income, which is capital gains.

Tax on income earned by the taxpayer from capital gains is 19% of the tax base. The income is the positive balance of revenue over tax deductible expenses in a tax year (Article 7 (2) of the CIT Act). The income from sales of securities (including bonds) for consideration is their value expressed in the price specified in the contract. If however, the contractual price significantly and for no reason differs from the market value of those goods or rights, the tax



authority calculates revenue on the basis of their market value (Article 14 (1) of the CIT Act). The costs of obtaining revenues from the sale of securities for consideration are the expenses incurred for the purchase or subscription of these securities. These costs can be recognized when the corresponding revenues are obtained from the sale of securities against payment (Article 16 (1) (8) of the CIT Act).

Tax on income from sales of securities, Taxpayers shall submit to tax offices tax returns made using a standard form, reporting the amount of income (loss) in a given tax year - by the end of the third month of the following year and pay, within the same time limit, the tax due or the difference between the tax due on the income reported in the tax return and the aggregate tax advances due for the period from the beginning of the year (Article 27 (1) of the CIT Act).

#### **4.15.2.2.2. Taxpayers subject to limited tax liability in the Republic of Poland**

Pursuant to Art. 3 paragraph 2 of the CIT Act, in the case of taxpayers who do not have their registered office or management in the territory of the Republic of Poland, only that income is subject to tax obligation earned by them in the territory of the Republic of Poland (limited tax obligation). Pursuant to Art. 3 paragraph 3 of the CIT Act for the income (revenue) achieved in the territory of the Republic of Poland by the taxpayers referred to in paragraph 2, it is considered, inter alia, income (revenue) from: (i) securities and derivative financial instruments other than securities, admitted to public trading on the territory of the Republic of Poland on the regulated stock exchange market, including those obtained from sales of these securities or instruments and the exercise of rights thereunder; (ii) for regulated receivables, including those made available, paid or deducted, by natural persons, legal persons or organizational units without legal personality, having their place of residence, registered office or management in the territory of the Republic of Poland, regardless of the place of conclusion of the contract and performance of services. In cases where a taxpayer of corporate income tax who is not a Polish tax resident conducts business in the Republic of Poland through a permanent establishment located in the Republic of Poland, if the income from interest (discount) on securities or income from the sale of securities (including bonds) for consideration may assigned to this establishment, the tax rules described below may be subject to modifications.

##### **4.15.2.2.2.1. Taxation of income (revenue) from interest (discount) on Bonds**

Pursuant to Art. 21 paragraph 1 point 1 of the CIT Act, the income tax on income from interest on bonds obtained in the territory of the Republic of Poland by non-residents shall amount to 20% of revenues. When meeting requirements set out in Art. 21 paragraph 3 of the CIT Act, it is possible to exempt from income tax interest paid by issuers of bonds to companies related to the issuer.



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Notwithstanding the above, in accordance with Art. 17 paragraph 1 point 50c of the CIT Act, the income generated by a taxpayer who has no registered office or management board in the territory of the Republic of Poland (Article 3 (2) of the CIT Act), from interest or discount on bonds with maturity not shorter than one year and at the same time admitted to trading on a regulated market or introduced to an alternative trading system within the meaning of the Act on Trading in Financial Instruments, on the territory of the Republic of Poland or in the territory of a state that is a party to a double taxation avoidance agreement concluded with the Republic of Poland, the provisions of which define the principles of taxation of income from dividends, interest and royalties, unless at the time of earning income, the taxpayer is a related entity within the meaning of art. 11a paragraph. 1 point 4 of the CIT Act or within the meaning of art. 23m of paragraph 1 point 4 of the PIT Act with the issuer of these bonds and owns, directly or indirectly, together with other related entities within the meaning of these provisions, more than 10% of the nominal value of these bonds.

Pursuant to Art. 26 paragraph 1 of the CIT Act, Legal persons, organisational units without legal personality, and natural persons who are entrepreneurs, if they make payments as referred to in Article 21.1 and Article 22.1, up to the amount not exceeding in the tax year in force at the payer of these receivables in total the amount of PLN 2,000,000 for the same taxpayer, are obliged, as paying agents, to collect on the day of payment, subject to paragraph 2. 2, 2b and 2d, lump-sum income tax on those payments, subject to the deductions referred to in Article 22 sec. 1a-1e. It is possible to apply a tax rate provided for in a relevant double taxation agreement or to not collect tax in accordance with such agreement on condition that the location of the taxable person's registered office is documented for tax purposes by a residency certificate provided by the taxable person. When verifying the conditions for applying a tax rate other than that specified in art. 21 paragraph 1 or art. 22 sec. 1 of the CIT Act, tax exemptions or non-collection conditions resulting from special provisions or agreements on the avoidance of double taxation, the payer is obliged to exercise due diligence. When assessing the exercise of due diligence, the nature and scale of activities carried out by the payer are taken into account.

If the total value of the amounts due from the titles listed in Art. 21 paragraph 1 and 22 paragraph 1 of the CIT Act exceeds the amount of PLN 2,000,000 legal persons, organizational units without legal personality and natural persons who are entrepreneurs are obliged as payers to collect on the day of payment the flat-rate income tax on these payments according to the tax rate specified in Art. 21 paragraph 1 or art. 22 paragraph 1 from the surplus over this amount, in particular without the possibility of not collecting tax on the basis of the relevant agreement on the avoidance of double taxation, and without taking into account the exemptions or rates resulting from special provisions or agreements on the avoidance of double taxation. This provision does not apply if the taxpayer submits a declaration of the content specified in art. 26 paragraph 7a of the CIT Act, which will show, inter alia, that he has the documents required by provisions of the tax law to apply the tax rate or to exempt or not collect tax, resulting from specific provisions or double taxation avoidance agreements.





When meeting requirements set out in Art. 26 paragraph 2g of the CIT Act, it is possible to obtain an exemption for the payment of interest to an entity related capitally with the issuer, provided that an opinion on application of exemption referred to in Art. 26b of the CIT Act will be obtained.

Pursuant to Art. 26 paragraph 3 of the CIT Act, payers transfer the relevant tax amounts to the bank account of the competent tax office by the 7th day of the month following the month in which the tax was collected. In addition, pursuant to this provision, taxpayers are required to send taxpayers and the tax office information on the payments made and the tax collected, prepared in accordance with the established formula. Pursuant to Art. 26 paragraph 2c of the CIT Act, income tax on income (revenue) from interest on securities recorded in securities accounts or omnibus accounts is collected as payers by the entities maintaining these accounts.

However, according to Art. 26 paragraph 1m of the CIT Act, in the event that payers make payments due to the titles listed in art. 7b paragraph. 1 points 3-6 (including bonds) for the benefit of an entity having its registered office or management board in the territory or in a country specified in the regulations issued under Art. 11j paragraph 2 of the CIT Act (states, territories applying harmful tax competition) are obliged to collect a flat-rate income tax in the amount of 19% of the amount of the payment.

In the event that the income (revenue) from interest (discount) is transferred to the taxpayers entitled to securities recorded in omnibus accounts, the identity of which has not been disclosed to the payer in an appropriate manner, the payer charges tax at the rate of 20% on the total amount of income (revenues) transferred by him to all such taxpayers via omnibus account holder (Article 26 (2a) of the CIT Act).

#### **4.15.2.2.2. Taxation of income (revenues) from sales of Bonds**

Basically, the above-described principles of taxation of income (revenue) from sales of securities (including bonds) for Polish tax residents subject to corporate income tax also apply to income obtained in the Republic of Poland by taxpayers of corporate income tax subject in the Republic of Poland limited tax liability, unless agreements on avoidance of double taxation to which the Republic of Poland is a party provide otherwise.

#### **4.15.2.3. Tax on civil law transactions (PCC)**

Pursuant to Art. 1 paragraph 1 point 1 letter A of the PCC Act, sales agreement or property rights agreement (including Bonds) is subject to tax on civil law transactions. It should be emphasized, however, that pursuant to Art. 1 paragraph 4 of the PCC Act, such agreements are taxable if (i) the subject of sales are property rights exercised in the territory of the Republic of Poland; (ii) the subject of sales are property rights exercised abroad, if the buyer has his place of residence or headquarter in the territory of the Republic of Poland and the civil law transaction has been performed on the territory of the Republic of Poland. In



addition, pursuant to Art. 1 paragraph 4a of the PCC Act, the property rights conversion agreement is also subject to tax if at least one of the property rights is exercised on the territory of the Republic of Poland.

As a general rule, in case of sales or exchange of property rights, the tax rate on civil law transactions amounts 1% (Article 7 (1) (1) (b) and (2) (b) of the PCC Act. The taxable amount in case of a sales agreement is the market value of the property right, and in case of an exchange agreement - market value of the property right on which the higher tax is due (Article 6 (1) (1) and (2) (b) of the PCC Act). The market value of the subject of civil law transactions is determined on the basis of average prices used in trade in property rights of the same type, as of the day of performing this activity, without deducting debts and burdens (Article 6 (2) of the PCC Act). In case of a sales agreement, tax obligation is to be fulfilled by the buyer, and in case of an agreement of exchange, on transaction parties (Article 4 (1) and (2) of the Act on PCC) and arises at the moment of performing a civil law transaction (Article 3 (1) (1) of the Act on PCC).

Taxpayers are required, without request of the tax authority, to submit a tax declaration on civil law transactions and to calculate and pay the tax within 14 days from the date the tax obligation arises.

Pursuant to Art. 9 point 9 of the PCC Act, sales of property rights that are financial instruments is exempt from tax on civil law transactions: (i) to investment companies and foreign investment companies, (ii) made through investment companies or foreign investment companies, (iii) made as a part of organized trading, (iv) outside organized trading by investment firms and foreign investment firms, if the rights were acquired by these firms as a part of organized trading - within the meaning of the Act on Trading.

In addition, in the light of Art. 2 point 4 of the PCC Act, sales or exchange of property rights is not subject to tax on civil law transactions to the extent that these activities are subject to VAT tax or if at least one of the parties is exempt from VAT tax for this activity.

#### **4.15.2.4. Inheritance and donation tax**

Pursuant to Art. 1 paragraph 1 of the Act on Inheritance and Donation Tax, inheritance and donation tax is subject to acquisition by natural persons of ownership of goods located on the territory of the Republic of Poland or property rights (including Bonds) performed on the territory of the Republic of Poland, by virtue of, in particular, inheritance, ordinary legacy, further bequest, vindication legacy, testamentary order or donation. Pursuant to Art. 2 of the Act on inheritance and donation tax, the tax is also subject to acquisition of ownership of goods located abroad or property rights exercised abroad, if at the time of opening the inheritance or the conclusion of the donation agreement the buyer was a Polish citizen or had permanent residence in the territory of the Republic of Poland.



In the light of Art. 7 paragraph 1 of the Act on Inheritance and Donation Tax, the base for taxation is, as a rule, the value of acquired goods and property rights after deduction of debts and burdens (pure value), determined according to the state of affairs and property rights on the date of purchase and market prices on the date of tax obligation. The inheritance and donation tax rates vary (from 3% to 20%) and depend on the type of kinship or affinity or other personal relationship between the heir and the testator or between the donor and the recipient. The Act on Inheritance and Donation Tax provides for a number of tax exemptions. The tax obligation is imposed on the acquirer of property or property rights (Article 5 of the Act on Inheritance and Donation Tax). If the agreement is concluded in the form of a notarial deed, the inheritance and donation tax is collected and paid by the notary.

#### 4.15.2.5. Payer's liability

Pursuant to Art. 30 § 1 in connection with art. 30 § 3 of the Tax Ordinance, payers who have not performed their obligation to calculate, collect and pay the tax to the competent tax authority are liable with all their property for the tax that has not been collected or for the tax collected but not paid. In such a case, the competent tax authority issues a decision on the liability of the payer, in which it specifies the amount of the tax due for the tax not collected or collected but unpaid (Article 30 § 4 of the Tax Ordinance). The payer is not liable if separate regulations provide otherwise or if the tax was not collected due to the fault of the taxpayer; in these cases, the tax authority issues a decision on the taxpayer's liability (Article 30 § 5 of the Tax Ordinance).

### 4.16. TENDERER'S IDENTITY AND CONTACT DETAILS

There is no tenderer within the meaning of Art. 2 lit. l) of Regulation 2017/1129.  
The Issuer is an entity that offers Bonds and requests for admission of Bonds to Trading.

## 5. TERMS AND CONDITIONS OF THE BONDS PUBLIC OFFER

### 5.1. CONDITIONS, PARAMETERS AND PLANNED SCHEDULE OF THE OFFER AND ACTIONS REQUIRED FOR SUBMISSION OF SUBSCRIPTIONS

#### 5.1.1. Conditions of the offer

On the basis of the Prospectus, the Issuer offers up to 150,000 Bonds with a nominal value of PLN 1,000, issued in series, on terms and conditions specified in this Prospectus and the Final Terms and Conditions of the given Series of Bonds.



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In the Final Terms and Conditions of the given Series of Bonds, the Issuer will enclose, inter alia, the following parameters of a given series of Bonds:

- designation of a series of Bonds,
- number of Bonds offered,
- nominal value,
- nominal value of Bonds in total,
- minimum amount of subscription,
- places of accepting subscriptions,
- entity performing technical allotment of Bonds,
- date of commencement of accepting subscriptions,
- deadline for accepting subscriptions,
- expected date of allotment,
- expected Issue Date,
- expected date of publishing results of the Offering,
- expected date of admission of Bonds to trading.

Individual series of Bonds are offered by way of a public offering carried out only on the territory of the Republic of Poland, on the basis of a Prospectus approved by the Polish Financial Supervision Authority (KNF). The Prospectus is the only legally binding document (within the meaning of the Act on Offering) prepared for the purposes of the Offering, containing information about the Issuer, the Bonds and the Offering. Some information on terms and conditions of the offer covered by this chapter constitutes information marked as category C in Annex 14 to the Delegated Regulation and cannot be included in the Prospectus. This information will be supplemented in Final Terms and Conditions of the given Series of Bonds made available to the public prior to commencement of subscription for a given Series of Bonds.

Individual series of Bonds under the Programme will be issued on the basis of resolution of Management Board of the Company dated 29<sup>th</sup> of September 2020 on the Bonds Issue Programme and resolutions regarding issuance for individual series of Bonds.

Final Terms and Conditions for the Issue of a given Series of Bonds will each time for a giving series of Bonds be made public by the Issuer in a form of a Current Report, if required by applicable laws and in the manner in which the Prospectus was published, i.e. on Issuer's Website and, additionally for information purposes, on the website of the Investment Company ([www \[.\] michaelstrom \[.\] pl](http://www.michaelstrom.pl)), on a date enabling investors to read their content, but not later than before the start of accepting subscriptions for a given series of Bonds.

Michael / Ström Dom Maklerski S.A. by offering of Bonds, will comply with and follow provisions of laws concerning offering of financial instruments, including in particular relevant provisions resulting from implementation of provisions of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, in particular the Act on Trading and the Regulation of the Minister of Finance dated 30<sup>th</sup> of May 2018 on determination of



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detailed technical and organizational conditions for investment firms, banks referred to in art. 70 paragraph. 2 of the Financial Instruments Trading Act and custodian banks as well as to recommendations of the Polish Financial Supervision Authority (KNF) included in the "KNF Statement on offering bonds" dated 29<sup>th</sup> of May 2018.

In accordance with laws referred to above:

- a) Michael / Ström Dom Maklerski S.A. assesses suitability and adequacy of instruments offered to its clients and that by making such an assessment, Michael / Ström Dom Maklerski S.A. takes into account individual situation of clients, their knowledge and experience on financial market;
- b) based on information about the client, Michael / Ström Dom Maklerski S.A. assigns a specific target group to the client;
- c) if in relation to a given client, bonds are outside the target group to which the client was assigned, employees of Michael / Ström Dom Maklerski S.A. will not offer the purchase of bonds;
- d) in the event that bonds are in the negative target group of a specific client, offering of bonds to that client will not be allowed, except where the purchase or subscription takes place solely on the initiative of the client.

Investment Company may form a distribution consortium.

### 5.1.2. Period, along with any possible changes, during which the offer will be available and a description of the application procedure

#### **Offer validity dates**

The Issuer may offer Bonds during validity period of the Prospectus. Validity period of the Prospectus amounts 12 months from the date of its approval, provided that it has been supplemented with relevant supplements required by Art. 23 of the Prospectus Regulation.

Public offering of Bonds under the Prospectus may continue after expiry of the Prospectus only if, before expiry of such validity period, the next base prospectus including offering in progress is approved and published.

Deadline for accepting of subscriptions for Bonds of a given series issued under the Programme will be determined separately for each series and will be made public in Final Terms and Conditions of the given Series of Bonds relating to this series of Bonds.

Pursuant to Art. 43 paragraph 1 of the Act on Bonds, the time limit for subscription for Bonds may not exceed 3 months from the date of commencement of a given issue.

Subscription period for Bonds of a given series may be shortened if Investors subscribe for a number of Bonds greater than the total number of Bonds offered within a given series. Information on shortening of subscription period will be made public in the form of an update announcement in the manner in which the Prospectus was published, i.e. on Issuer's Website



and, additionally, for information purposes, on Investment Company's website (www [.] Michaelstrom [.] pl) as well as on websites of other entities participating in the Offer.

The Issuer may also extend subscription period for Bonds of a given series, provided that this period may not exceed 3 months. Information on extension of the deadline for submission of subscriptions for a given series will be made public in the form of an update announcement in the manner in which the Prospectus was published, i.e. on Issuer's Website and, additionally, for information purposes, on Investment Company's website (www [.] michaelstrom [.] pl) as well as on websites of other entities participating in the Offer.

Pursuant to Art. 43 sec. 2 of the Act on Bonds, allotment of a given series of Bonds will be made no later than within 2 weeks from the date of closing subscriptions.

#### **Withdrawal from the Offer for a given series of Bonds**

The Issuer may at any time decide to withdraw from Offering of a given series of Bonds after consultation made with Investment Company. If the Offer is withdrawn prior to commencement of accepting of subscriptions for Bonds of a given series from investors, the Issuer will not be obliged to provide reasons for such withdrawal. From the date of commencement of accepting of subscriptions from investors to the date of allotment of Bonds, the Issuer, after consultation with Investment Company, may withdraw from the Offer of a given series of Bonds, whereby such withdrawal may take place for reasons which, in Issuer's opinion, are important reasons, whereas to important reasons can be included in particular:

- 1) sudden or unpredictable changes in economic and political situation in Poland or in another country, which could have a significant negative impact on financial markets, the Polish economy, the Offer of a given series of Bonds (e.g. terrorist attacks, wars, environmental disasters, floods);
- 2) sudden and unpredictable changes of a nature other than those indicated in the point above, which may have a material negative effect on Issuer's business operations or may result in suffering by the Issuer of significant damage or significant disruption to its business operations;
- 3) significant negative change in Issuer's business operations, financial position or operating results;
- 4) suspension or significant restriction of trading in securities on the GPW (WSE) or on other exchange markets if this could have a significant negative impact on the Offer of a given series of Bonds, or
- 5) sudden and unpredictable changes having a direct, significant and negative impact on functioning of the Issuer.

Information about withdrawal from Offering of a given series of Bonds will be made public in the manner in which the Prospectus was published, i.e. on Issuer's Website and, additionally, for information purposes, on Investment Company's website (www [.] Michaelstrom [.] pl) and on websites of other entities participating in the Offer. In a situation where, in the opinion of the Issuer, withdrawal from the Offer of a given series of Bonds could constitute a significant factor influencing evaluation of Bonds, in particular when, as a result of withdrawal from the



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Offer, the Issuer will be unable to provide financing for its business activities, information about such withdrawal will be made public in the form of a supplement to the Prospectus and in the manner in which the Prospectus was published, i.e. on Issuer's Website and, additionally, for information purposes, on the website of Investment Company (www [.] michaelstrom [.] pl) as well as on websites of other entities participating in the Offer.

In the event of withdrawal from the Offering of a given series of Bonds, subscriptions for Bonds of a given series will be considered invalid, and the funds made available will be returned in the manner specified in subscription form, without any interest or compensation, no later than 10 days after the date of the announcement of withdrawal from conducting the Offer of a given series of Bonds.

### **Suspension of the Offer**

The Issuer, in consultation with Investment Company, may at any time to decide to suspend the Offer of a given series of Bonds. Condition for suspension to be made is that such action is considered justified and consistent with the Issuer's interest.

If decision on suspension of the Offer of a given series of Bonds is taken before commencement of accepting of subscriptions for Bonds of a given series, information in this regard will be made public in the form of an update announcement in the manner in which the Prospectus was published, i.e. on Issuer's website and, additionally, for information purposes, on the website of Investment Company (www [.] michaelstrom [.] pl) as well as on websites of other entities participating in the Offer.

In case of making decision suspending the Offer of a given series of Bonds after commencement of accepting of subscriptions for Bonds of a given series, the information in this regard will be made available to the public in Issuer's Current Report and in the form of a supplement to the Prospectus.

### **Description of subscription procedure**

The offer is addressed to natural persons, legal persons and organizational units without legal personality, who are both residents and non-residents within the meaning of the Foreign Exchange Act.

The offer is valid on the territory of the Republic of Poland only.

It is allowed to subscribe for Bonds through a proxy on terms agreed with the Investment Company.

Subscriptions for Bonds made through entities participating in the Offer will be accepted in the form and in accordance with internal regulations of the entity participating in the Offer through which Subscription is made. It is allowed to subscribe for Bonds in person, by correspondence, by fax and via electronic means of communication, including the Internet,



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provided that it is consistent with principles applied by the entity participating in the offer through which the subscription is made.

If investor does not indicate in subscription form for Bonds of a given series the full number of Securities Account or the appropriate Omnibus Account to be deposited and the exact name of the entity maintaining this Account for the purposes of payment settlement, Bonds will not be allotted to the investor.

Subscriptions made by Institutional Investors will be accepted by Investment Company, provided that Investment Company provides services for the acceptance and transmission of orders for the given Institutional Investor. Unless Final Terms and Conditions of a given Series of Bonds, which were made public before commencement of subscription for a given series of Bonds, do not contain any other provisions, subscriptions made by Institutional Investors who are members of distribution consortium or entities from the capital group to which a given member of distribution consortium belongs, may also be accepted by of a given member of the distribution consortium.

Non-residents intending to subscribe for Bonds should first familiarize themselves with relevant regulations of their country of residence.

Subscriptions for Bonds issued by investment fund companies on their own behalf, separately for individual investment funds managed by this company, constitute, within the meaning of the Prospectus, individual investors' subscriptions.

Managers of securities portfolio on behalf of persons whose accounts they manage and for whom they intend to purchase Bonds, make individual subscriptions for each of persons for whom they intend to purchase Bonds.

Subscription may be submitted by an Investor, acting in person (in the case of investors who are not natural persons - acting by persons authorized to represent them) or by an attorney. In the case of submission of subscription by an attorney, the content of the power of attorney should clearly authorize such an action.

In order to obtain information on detailed rules for submission of subscriptions, in particular on: (i) conditions required for submission of subscriptions by statutory representatives, proxies or other persons acting on behalf of Investors and (ii) the possibility of subscribing in a form other than in writing, potential Investors should contact Investment Company or any other entity participating in the Offering with which they intend to subscribe.

Subscriptions submitted by Individual Investors will be accepted at Customer Service Points ("**POK**") of the Investment Company or entities other than Investment Company participating in the Offer that are part of distribution consortium. A detailed list of investment companies and POKs where subscriptions will be accepted will be made public before accepting of subscriptions for Bonds of a given series on Issuer's website and, additionally, for information purposes, on the website of Investment Company ([www \[.\] michaelstrom \[.\] pl](http://www.michaelstrom.pl)) as well as on websites of other entities participating in the Offer.





### **Repealing of consequences of subscription**

In the situation referred to in Art. 23 sec. 2 of the Prospectus Regulation, if the supplement referred to in Art. 23 sec. 1 of the Prospectus Regulation, is made available to the public after the start of the subscription, persons who have already agreed to purchase or subscribe for the securities before the supplement is published withdraw their acceptances / may repeal legal consequences of subscription, provided that the significant new factor, material mistake or material inaccuracy relating to the information contained in The prospectus, which may affect the assessment of Bonds, arose or was noted before the closing of the offer period. Repealing of the legal consequences of subscription is made by a written declaration at any customer service point of the investment company that accepted the subscription for the Bonds, within three business days from the date the Supplement is made available, unless the Issuer sets a longer deadline. Detailed rules for withdrawing from the subscription will be presented each time in the supplement. In connection with the above, the Issuer may allot Bonds not earlier than after the deadline for the investor to repeal the legal consequences of subscription.

### **5.1.3. Feasibility description of reduction of subscriptions and the method of returning of amounts overpaid by those submitting subscriptions**

Any reduction of subscriptions for Bonds will be carried out in accordance with rules set out below.

If the total number of Bonds for which Investors subscribe within a given series of Bonds is greater than the maximum number of Bonds offered for purchase, Investors' subscriptions will be subject to reduction in accordance with rules specified in the Final Terms and Conditions of the given Series of Bonds.

Basically, in case of Individual Investors, Bonds will be allotted by the Issuer in the number consistent with submitted subscriptions. If the number of Bonds for which subscriptions will be made exceeds the number of Bonds offered to Individual Investors within a given series, the Issuer will allot Bonds in accordance with one of the following rules:

- rule of proportional reduction of subscriptions, or
- rule of the order of subscriptions, or
- rule of preferential allocation.

The rule of reduction of subscriptions for Bonds offered to Retail Investors will be specified in Final Terms and Conditions of the given Series of Bonds. Subscription for a number of Bonds of a given series greater than the maximum subscription size is valid in the number equal to the maximum subscription size.

Pursuant to the rule of preferential allocation, Individual Investors who subscribe within 5 days from the commencement of subscription for Bonds of a given series will be allotted a given series of Bonds in the number resulting from submitted subscriptions, provided that the



maximum number of Bonds offered in a given series (subscriptions made more than 5 days from subscription start date are subject to proportional reduction). If the condition referred to in preceding sentence will not be met, all subscriptions made during subscription period will be subject to proportional reduction.

Fractional parts of Bonds will not be allotted. The number of Bonds allotted as a result of reduction of a given series will be rounded down to the whole number, and the individual Bonds of a given series remaining after reduction will be allotted successively to those investors whose subscriptions were subject to reduction and who submitted subscriptions for the largest number of a given series of Bonds.

It is noted that in special circumstances, such as, for example, large reduction in subscriptions and a small subscription for Bonds of a given series, made by an investor, causing that the number of Bonds resulting from allocation to be less than one Bond of a given series, this will mean that no Bonds have been allotted within the given series to such an investor.

If the number of Bonds for which subscriptions will be made exceeds the number of Bonds offered to Institutional Investors, within a given series, the Issuer will make a discretionary allotment based on recommendation of the Investment Company. Allotment to an investor of Bonds of a given series in a smaller number than the number of Bonds of a given series for which he has subscribed does not constitute basis for withdrawing from subscription.

Allotment of Bonds in a number smaller than declared in subscription does not give basis for withdrawing from subscription.

If the investor is not allotted with all or part of a given series of Bonds for which he subscribed due to reduction of subscriptions, an invalid subscription by the Investor or failure in issue of a given series of Bonds, the amount paid by the investor will be returned to him in the manner specified in subscription form by 14 days without any interest or compensation.

#### **5.1.4. Detailed information concerning minimum or maximum subscription size (expressed as a number of securities or a total amount for investment)**

Final Terms and Conditions of the given Series of Bonds will include detailed information on the minimum and maximum size of a single subscription. Final Terms and Conditions for the issue of a given series of Bonds in the section "Information on Public Offering of Bonds" will specify detailed information on the minimum size of subscriptions for Bonds, where in each case a single subscription made by the investor may not be for less than 1 Bond and not more than the number of Bonds offered for purchase in a given series. If the maximum subscription sizes are not specified, subscription for a greater number of Bonds than the number of Bonds issued within a given series will be considered as subscription for the maximum number of Bonds issued within a given series.



### 5.1.5. Method and dates of payment for securities and their provision

Individual Investor's subscription should be paid at the latest at the time of submission of subscription for Bonds of a given series, in the amount resulting from product of the number of Bonds covered by subscription and the Issue Price increased by possible brokerage commission of the Investment Company or another entity.

Subscription submitted by an Individual Investor should be paid in full amount resulting from the product of the number of Bonds covered by subscription and the Issue Price increased by any brokerage commission, by (i) in case of submission a subscription through an entity participating in the Offer, maintaining securities account for the Investor, at the time of submission of subscription, the funds to pay for subscription are blocked on the cash account assigned to the Investor's securities account kept for the Investor by the entity participating in the Offer through which the subscription is made. The entity accepting subscription from the Investor is responsible for blocking funds to make payment for bonds covered by subscription, on Investor's cash account referred to in previous sentence. If subscription is made through an entity participating in the Offer that does not maintain a securities account for the Investor, required payment for Bonds covered by subscription must be made only in the form of transfers in PLN to a separate bank account maintained by the entity participating in the Offer through which the subscription is submitted. Payments can be made by bank transfer, which should contain annotation: "Name and surname (Name), PESEL (REGON or KRS number), annotation" payment for series ... bonds of DEKPOL S.A.". Information on the bank account number to which payment should be made, will be available at the places where subscriptions are accepted, and will also be indicated in subscription form for Bonds.

Subscription made by Institutional Investor should be paid up either in full amount resulting from the product of the number of Bonds specified in information on initial allocation provided to Institutional Investor by Investment Company and the Issue Price, by (i) submission of correct settlement orders by Institutional Investor who is a direct participant of KDPW or the entity maintaining its Account, and (ii) providing funds necessary for clearing and settlement by KDPW (delivery versus payment) for acquisition by Institutional Investor of Bonds in the number specified in information on allocation delivered to the Institutional Investor by the Investment Company on behalf of the Issuer or at the latest submission of subscription for Bonds of a given series, in the full amount resulting from the product of the number of Bonds of a given series covered by subscription and the Issue Price, increased by brokerage commission, if any, of the entity through which the subscription is made.

Incomplete payment made by an Individual Investor means that subscription is valid, provided that during allotment of Bonds of a given series, the basis for allotment will be the number of Bonds for which full payment has been made. Failure in making payments for Bonds of a given series within the above-specified period shall invalidate the entire subscription.



For the period between the payment for Bonds and the Issue Date (also in the event of the Issuer's decision on postponing the Issue Date), investors will not be entitled to any benefits from funds paid in to pay for the subscription for Bonds. These benefits will be collected by Investment Company or entities participating in the Offering that are part of distribution consortium, who will spend them on improving the quality of brokerage services.

Purchase of Bonds from the Issuer will follow as a result of:

- registration of Bonds pursuant to § 5 of Detailed Rules of Operation of Krajowy Depozyt Papierów Wartościowych (KDPW) on the basis of correct settlement orders (including delivery versus payment for Institutional Investors). Registration of Bonds pursuant to § 5 of Detailed Rules of Operation of Krajowy Depozyt Papierów Wartościowych (KDPW) may be applied provided that the GPW (WSE) first adopts an appropriate resolution on introduction of a given series of Bonds to trading on the ASO GPW (WSE), or
- entering in the Register, as a result of which the Issue Agent will be obliged to register Bonds in the Deposit within 2 Business Days from the day the Register is created.

In Final Terms and Conditions of the given Series of Bonds, the Issuer will specify the manner in which the Bonds will be registered.

#### **5.1.6. Full description of method and date of publishing of the offer results**

After allotment of a given series of Bonds, within two weeks of the end of acceptance of subscriptions for Bonds of a given series, information on result of the Offer for a given series of Bonds and reduction rate will be published by the Issuer in Current Report and in the manner in which the Prospectus was published, i.e. on Issuer's website and, additionally, for information purposes, on the website of Investment Company (www [.] Michaelstrom [.] PL) as well as on websites of other entities participating in the Offering.

#### **5.1.7. Procedure for exercising of pre-emption rights, transferability of pre-emption rights and procedure for dealing with pre-emption rights that have not been exercised**

No pre-emption right is connected with the issue of Bonds.

### **5.2. DISTRIBUTION AND ALLOTMENT PLAN.**

#### **5.2.1. Categories of potential investors whom securities are offered**

The offer of Bonds issued under the Programme will be conducted in the territory of the Republic of Poland only.

Persons who are both residents and non-residents within the meaning of provisions of the Foreign Exchange Act entitled for subscription on Bonds are:



- a) Natural persons,
- b) Legal persons, and
- c) organizational units without legal personality.

The Issuer intends to offer its Bonds to both Individual Investors and Institutional Investors.

Non-residents intending to subscribe for Bonds should familiarize themselves with relevant regulations of the country of origin and the Foreign Exchange Act.

Non-residents intending to subscribe for Bonds should familiarize themselves with relevant regulations of their country of origin.

### **5.2.2. Procedure of notification of subscribers of the number of allotted securities, including whether it is permissible to commence trading, before such notification**

After allotment of a given series of Bonds, information on the result of the Offer for a given series of Bonds and reduction rate will be published by the Issuer in Current Report and in the manner in which the Prospectus was published, i.e. on Issuer's Website and, additionally, for information purposes, on the website of the Investment Company (www [.] Michaelstrom [.] Pl) as well as on websites of other entities participating in the Offer.

Investors will be notified about the number of allotted Bonds of a given series in accordance with internal regulations of the entity accepting subscription, however Institutional Investors will be notified about the number of Bonds initially allotted to them in order to pay for subscription, if clearing and settlement is performed by KDPW (delivery versus payment).

Commencement of trading of a given series of Bonds on Catalyst market is not dependent on informing of Investors about the number of Bonds allotted.

## **5.3. PRICE**

The Issue Price of one Bond of a given Series will be specified in Final Terms and Conditions of the given Series of Bonds and will be made public along with Final Terms and Conditions of the Series. In Final Terms and Conditions of the Offer, the Issuer may specify an Issue Price equal to the nominal value or an Issue Price different within a given series, depending on the date on which the Investor subscribes for Bonds, but not higher than the nominal value (in such a case, the Issue Price will increase in subsequent days of accepting of subscriptions in accordance with the table indicated in Final Terms and Conditions of the Offer).

Final issue price of one Bond will not be higher than the maximum price equal to 110% of the nominal value of one Bond.



## 5.4. PLACEMENT AND WARRANTY

### 5.4.1. Name and address of coordinator (s) of entire offer and its individual parts and, to the extent known to the issuer or Investment Company, the entities involved in placing of the offer in various countries in which it takes place

The entity providing the Issuer with the offering service in accordance with the Act on Trading is Michael / Ström Dom Maklerski S.A. with its registered office in Warszawa. A distribution consortium may be established for each series of Bonds issued under the Programme.

The Issuer does not plan to coordinate part of the Offering by other entities or to place the Offering in countries other than the Republic of Poland.

Information on places of accepting of subscriptions will be made available in an electronic form on Issuer's Website and, additionally, for information purposes, on the website of Investment Company (www [.] Michaelstrom [.] Pl) as well as on websites of other participating entities in the Offer.

### 5.4.2. Names and addresses of authorized payers and escrow service providers in each country

Payments under Bonds will be made by Krajowy Depozyt Papierów Wartościowych S.A. with its registered office in Warszawa, ul. Książęca 4, as well as through Depositories. The only entity providing depository services will be the KDPW.

### 5.4.3. Name and address of entities that undertook to warrantee the issue under terms of service underwriting, as well as name and address of entities that undertook to place the offer without binding obligation or on a "best effort" basis. Indication of essential features of agreements, along with agreed warranty limit. If the warranty does not cover the entire issue, it should be indicated a part which is not covered by warranty. Indication of the total amount of underwriting commission and the placement commission

Prior to commencement of the Offering, the Issuer concluded an agreement with Investment Company to organize the Bond Issue Programme. The agreement provides actions to be taken by Investment Company, on the basis of due diligence, aimed at acquisition of investors who will purchase Bonds.



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As at Prospectus Date, the number of allotted Bonds offered under the Programme, taking into account division into Individual Investors and Institutional Investors, is not known, therefore it is not possible to specify final amount of commission for placement of the Issue.

Assuming that the total value of Bonds offered under the Bonds Issue Programme amounts PLN 150 million, the total cost of commission for placement may not exceed PLN 4.65 million.

Final costs of the offer to be charged to the Issuer and, in particular, net cash proceeds from the Offer will be possible to calculate after the end of the issue of each subsequent series of Bonds and will be made public by the Issuer after the end of Issue of each series of Bonds.

As at Prospectus Date, the Issuer did not conclude an issue warranty agreement and does not plan to conclude any issue warranty agreement. If such agreements are concluded, the Issuer will inform about this fact in the form of a supplement to the Prospectus. The supplement will contain information on terms of underwriting agreement and terms, dates and method of payment by the warrantor.

## **6. ADMISSION OF SECURITIES TO TRADING AND ARRANGEMENTS ON TRADING**

### **6.1. INDICATION WHETHER THE SECURITIES OFFERED ARE OR WILL BE THE SUBJECT OF AN APPLICATION FOR ADMISSION FOR TRADING ON A REGULATED MARKET OR THIRD COUNTRY MARKETS, ON THE MARKET FOR MŚP (SME) DEVELOPMENT OR MULTI-FORMAT TRADING PLATFORM, ALONG WITH INDICATION OF THESE MARKETS. THERE INFORMATION MAY NOT GIVE APPEARANCE THAT TRADING AUTHORIZATION WILL BE CERTAINLY GIVEN.**

In case of registration of Bonds through the Issue Agent, immediately after the issue of a given series of Bonds offered under the Programme will be completed and the Bonds will be registered with KDPW, the Issuer will make every effort to immediately apply to GPW (WSE) for admission and then for introduction of the bonds to trading on Catalyst market.

In the event of registration of Bonds in the deposit kept by KDPW pursuant to Art. 5 sec. 1 of the Act on Trading will take place in connection with introduction of Bonds to the ASO GPW (WSE), i.e. registration of Bonds with KDPW will take place provided that the Bonds are admitted to trading on GPW.



Issuer's Management Board anticipates that trading of a given series of Bonds offered under the Programme on the Catalyst market, in the event of registration of Bonds pursuant to Art. 7a of the Act on Trading will start no later than four months from the date of allotment of these Bonds.

## **6.2. INDICATION OF THE FIRST POSSIBLE DATES FOR ADMISSION OF SECURITIES TO TRADING, IF KNOWN**

The Issuer expects that admission to trading of Bonds of each series will be possible within 2 months from the date of allotment of Bonds.

## **6.3. ALL REGULATED MARKETS OR THIRD COUNTRY MARKETS, MŚP (SME) DEVELOPMENT MARKET OR MULTILATERAL TRADING PLATFORMS, WHERE, TO THE ISSUER'S BEST KNOWLEDGE, SECURITIES OF THE SAME CLASS AS THE SECURITIES TO BE OFFERED OR ADMITTED TO TRADING, HAVE ALREADY BEEN ADMITTED TO TRADING**

As at the date of this Prospectus, the following bonds issued by the Issuer are admitted to trading on the ASO GPW (WSE):

- I-series bonds (short name: DEK1023), value of Issue: PLN 50 000 000, redemption date: 28<sup>th</sup> of October 2023,
- J-series bonds (short name: DEK0624), value of Issue: PLN 11 000 000, redemption date: 22<sup>nd</sup> of June 2024,
- K-series bonds (short name: DKP0824), value of Issue: PLN 21 500 000, redemption date: 23<sup>rd</sup> of August 2024,
- L-series bonds (short name: DEK0824), value of Issue: PLN 17 650 000, redemption date: 23<sup>rd</sup> of August 2024.





#### 6.4. IN CASE OF ADMISSION TO TRADING ON A REGULATED MARKET - NAME AND ADDRESS OF ENTITIES HAVING A BINDING OBLIGATION TO ACT AS INTERMEDIATES IN THE SECONDARY MARKET, PROVIDING LIQUIDITY BY QUOTING OF PURCHASE OFFERS AND SALES OFFERS AS WELL AS DESCRIPTION OF BASIC CONDITIONS OF THEIR OBLIGATIONS

As at Prospectus date, the Issuer has not concluded an agreement to act as the Issuer's market maker for bonds admitted to trading on the Catalyst alternative trading system.

#### 6.5. ISSUE PRICE OF SECURITIES

The Issue Price of one Bond will be specified in Final Terms and Conditions of the given Series of Bonds.

## 7. ADDITIONAL INFORMATION

### 7.1. ADVISORS

#### **Investment Company**

Services related to public offering of Bonds and the introduction of Bonds to trading are provided to the Issuer by Michael / Ström Dom Maklerski S.A. with its registered office in Warszawa at Al. Jerozolimskie 100, 00-807 Warszawa, entered into the Register of Entrepreneurs kept by the District Court for the Capital City of Warsaw in Warsaw, XII Commercial Division, under the number KRS 0000712428.

#### **Legal advisor**

Services related to preparation of specific parts of the Prospectus and legal advice in proceedings for approval of the Prospectus by the Polish Financial Supervision Authority (UKNF) are provided by Kancelaria Radcy Prawnego Przemysław Budzyński in Gdańsk, ul. Drzewieckiego 11a / 2, 80-464 Gdańsk, NIP 7392908607.



**7.2. INDICATION OF OTHER INFORMATION IN THE OFFERING DOCUMENT WHICH WERE AUDITED BY STATUTORY AUDITORS OR IN CASE OF WHICH STATUTORY AUDITORS HAVE PERFORMED AUDIT AND IN RELATION TO WHICH HAVE PREPARED REPORT**

Except for statutory auditor's opinion on the consolidated financial statements and the report on audit of the consolidated semi-annual financial statements, which were included in the Prospectus by reference, the Prospectus did not include information audited by statutory auditors or reviewed by authorized statutory auditors.

**7.3. CREDIT RATINGS ASSIGNED TO SECURITIES ON ISSUER'S REQUEST OR AT ASSIGNING OF WHICH THE ISSUER COOPERATED. SHORT EXPLANATION OF THE MEANING OF RATINGS, IF PREVIOUSLY PUBLISHED BY THE ENTITY ASSIGNING RATING**

Neither the issuer nor the debt securities issued by it have been assigned with any credit ratings.



## LIST OF DEFINITIONS AND ABBREVIATIONS

<b>Calculation Agent, Issuing Agent</b>	Investment Company
<b>APM</b>	alternative performance measurements providing additional information on Issuer's financial situation, providing appropriate explanations and reasons for their application (guidelines ESMA „Alternative Performance Measure (APM)” – 05/10/2015 ESMA/2015/1415pl)
<b>ASO</b>	alternative trading system within the meaning of the Act on Trading, i.e. an over-the-counter multilateral system associating purchase and sales offers of financial instruments in such a way that transactions are concluded within this system, in accordance with certain rules and in a non-discretionary manner
<b>ASO GPW</b>	alternative trading system organized by GPW (WSE) within the Catalyst market
<b>Catalyst</b>	organized market of debt financial instruments in Poland
<b>Issue Price</b>	purchase price of a given series of one Bond is determined in Final Terms and Conditions of a given Series of Bonds
<b>Prospectus Date, Day of Prospectus</b>	date on which the Prospectus was approved by Polish Financial Supervision Authority (UKNF), i.e. on [ ]
<b>Deposit</b>	securities deposit kept by KDPW in accordance with provisions of the Act on Trading in which Bonds are registered under an agreement concluded by the Issuer with KDPW
<b>Depository</b>	entity maintaining the Bond Account
<b>Net Debt</b>	means total balance sheet value of consolidated interest-bearing liabilities of the Issuer's Group, including in particular: the value of loans, interest-bearing loans, leases, issued bonds, bills of exchange (excluding bills of exchange issued to secure performance of obligations of the Issuer or Entities from the Issuer's Group) and other debt securities, less cash and cash equivalents
<b>Legal Advisor</b>	Kancelaria Radcy Prawnego Przemysław Budzyński in Gdańsk



PROSPECTUS OF DEKPOL S.A.

<b>Dz. U.</b>	Journal of Laws of the Republic of Poland
<b>Issue Day</b>	means the day on which Bonds will be registered in the Register by use of services of Issuing Agent or the day on which rights from such Bonds will be registered in Deposit
<b>Payment Day</b>	each Interest Payment Day, Maturity Day or Early Redemption Day
<b>Interest Payment Day</b>	the last day of a given Interest Period or Early Redemption Date
<b>Working day</b>	every day of the week, except for Saturdays and Sundays and other public holidays, on which KDPW conducts operational activities, enabling activities related to the transfer of Bonds and settlement of payment of benefits under Bonds
<b>Day of Settlement of Rights</b>	the fifth Business Day before a given Payment Date for Bonds, except for: (i) submitting by the Bondholder of a request for immediate or early redemption of Bonds, when the Settlement Date of Rights is the date of submission of request for immediate or early redemption, (ii) opening liquidation of the Issuer, when the Date of Settlement the Rights is the day of opening of liquidation of the Issuer and (iii) the merger of the Issuer with another entity, its division or transformation of the legal form, if the entity that assumed obligations of the Issuer under Bonds does not have the right to issue them, when for Settlement Date of Rights is considered the date of merger, division or transformation of Issuer's legal form, respectively
<b>Early Redemption Day</b>	the day referred to in item 4.9 IV Part of Prospectus – "Offering Document"
<b>Maturity Day</b>	the day referred to in item 4.9 IV Part of Prospectus – "Offering Document"
<b>Issuer, Company</b>	Dekpol Spółka Akcyjna with its registered office in Pinczyn
<b>Euro</b>	Currency of the European Union
<b>Evidence</b>	evidence of persons entitled under Bonds referred to in Art. 7a paragraph 4 point 4) of the Act on Trading
<b>Investment Company</b>	Michael / Ström Dom Maklerski S.A. with its registered office in Warszawa



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<b>GPW (WSE)</b>	Giełda Papierów Wartościowych w Warszawie S.A. with its registered office in Warszawa
<b>Group, Issuer's Group</b>	The Issuer and Entities from Issuer's Group
<b>GUS</b>	Główny Urząd Statystyczny (Central Statistical Office)
<b>Investor</b>	An entity (natural person, legal entity or entity without legal personality) interested in purchase of Bonds, being an Individual Investor or an Institutional Investor
<b>Individual Investor</b>	an entity interested in purchase of Bonds, other than an Institutional Investor
<b>Institutional Investor</b>	entity referred to in art. 3 point 39b lit. a) - m) of the Act on Trading
<b>K.c., Civil Code</b>	The Act of 23 April 1964 Civil Code (i.e. Journal of Laws of 2019, item 1145, as amended)
<b>K.p.c., Code of Civil Procedure</b>	Act of November 17, 1964, Code of Civil Procedure (i.e. Journal of Laws of 2019, item 1460, as amended)
<b>K.s.h., Code of Commercial Companies</b>	Act of September 15, 2000, Code of Commercial Companies (i.e. Journal of Laws of 2019, item 505, as amended)
<b>Equity</b>	means the sum of share capital, supplementary capital, revaluation capital, other reserve capitals, profit from previous years, net profit and write-offs from the net profit of financial year, shown in the last, audited by a statutory auditor, consolidated annual financial statements of Issuer's Group or consolidated semi-annual financial statements of Issuer's Group or consolidated quarterly financial statements of Issuer's Group
<b>KDPW</b>	Krajowy Depozyt Papierów Wartościowych S.A.
<b>KNF, Commission</b>	Polish Financial Supervision Authority (UKNF)
<b>KRS</b>	Krajowy Rejestr Sądowy (National Court Register)
<b>IAS (MSR)</b>	International Accounting Standards
<b>IFRS (MSSF)</b>	International Financial Reporting Standards and related interpretations announced in the form of regulations of European Commission



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<b>Extraordinary General Meeting of Shareholders, EGMoS</b>	extraordinary general meeting of shareholders of the Issuer
<b>Payment due</b>	amount equal to nominal value of one Bond
<b>NBP</b>	Narodowy Bank Polski (National Bank of Poland)
<b>Bonds</b>	bonds issued by the Issuer on the basis of Terms and Conditions of Issue of Bonds
<b>Bondholder</b>	means the entity indicated in the Register as entitled from Bonds, and after registration of Bonds in the Deposit of the holder of the Securities Account on which Bonds are entered or the person indicated to the entity operating the Omnibus Account by the holder of this account as an authorized person from Bonds entered in such an Omnibus Account or in the Register of Issue Sponsor
<b>Interest</b>	means the amount of interest on Bonds calculated and due in accordance with point 4.8 IV part of Prospectus - "Offering document"
<b>Offer</b>	public offering of a given series of Bonds carried out on the basis of Prospectus
<b>Interest Period</b>	each subsequent period after the First Interest Period, which begins on the last day of the previous Interest Period (excluding this day) and ends on the last day of the Interest Period (including this day)
<b>Ordynacja podatkowa (Tax Ordinance)</b>	Act of August 29, 1997. Tax Ordinance (i.e. Journal of Laws of 2020, item 1325, as amended)
<b>Final Terms and Conditions of the Series Issue</b>	final terms and conditions of issue of a given series of Bonds, constituting part of detailed terms and conditions of the offer of a given series of Bonds determined by the Issuer, in a form consistent with the template constituting Annex 4 to the Prospectus
<b>First Interest Period</b>	interest accrual period begins on the Issue Date (excluding that day)
<b>PKWiU</b>	Polska Klasyfikacja Wyrobów i Usług (Polish Classification of Goods and Services)



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<b>Account Keeping Entity</b>	holder of an Omnibus Account or the entity maintaining Securities Account on which Bonds are registered or the entity maintaining Register of Issue Sponsor
<b>Subsidiary</b>	entity from the Issuer's Group, excluding the Issuer
<b>Entities from Issuer's Group</b>	subsidiaries of the Issuer or jointly controlled by the Issuer, within the meaning of provisions of IAS and IFRS, for which there is an obligation to consolidate financial statements under the Accounting Act (however, exemption from consolidation obligation does not exclude a given entity from the definition of "Entities from Issuer's Group" ) and described in the last consolidated financial statements of the Issuer's Group or which will be described in the next consolidated financial statements of Issuer's Group, excluding the Issuer
<b>Basic Terms and Conditions of Issue</b>	Terms and Conditions of the bonds issue contained in item 3 of the part of Prospectus - "Appendices"
<b>Pos.</b>	Position
<b>Foreign Exchange Act</b>	Act of July 27, 2002 on Foreign Exchange (i.e. Journal of Laws of 2019, item 160, as amended)
<b>Restructuring Law</b>	Act of May 15, 2015 on restructuring (i.e. Journal of Laws of 2020, item 814, as amended)
<b>Bankruptcy law</b>	Act of February 28, 2003 on bankruptcy (i.e. Journal of Laws of 2020, item 1228)
<b>Bond Issue Programme, Programme</b>	bonds issue programme established on the basis of resolution of Issuer's management board dated 29 <sup>th</sup> of September 2020 on the issue of bearer bonds issued under the bonds issue programme, in which the total nominal amount of bonds issued until 30 <sup>th</sup> of June 2022; will not exceed PLN 200,000,000.00
<b>Prospectus</b>	this base prospectus prepared by the Issuer and approved by the Polish Financial Supervision Authority (UKNF) in connection with public offering of Bonds under Bonds Issue Program and in order to apply for admission of certain series of Bonds to trading on the regulated market, along with supplements and update announcements



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<b>Violation Incident</b>	events specified in item 11.5 of the Basic Conditions of Issue
<b>PUM</b>	usable floor area (m <sup>2</sup> )
<b>PUU</b>	usable service area (m <sup>2</sup> )
<b>Bonds account</b>	Securities Account or Omnibus Account
<b>Securities Account</b>	securities account referred to in Art. 4 sec. 1 of the Act on Trading
<b>Omnibus Account</b>	collective account referred to in Art. 8a of the Act on Trading
<b>Supervisory Board</b>	Issuer's Supervisory Board
<b>Current Report</b>	current report referred to in Appendix 4 to the Rules of the Alternative Trading System of GPW (WSE)
<b>Regulations of KDPW</b>	applicable principles, procedures and other regulations adopted by KDPW, which define the manner in which KDPW operates depository-settlement system, in particular the Rules of KDPW and Detailed Rules of Operation of KDPW
<b>Issue Sponsor Register</b>	a register of persons purchasing Bonds under the Offer kept by Investment Company
<b>Delegated Regulation</b>	Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004
<b>MAR Regulation</b>	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC
<b>Benchmark Regulation</b>	Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment





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	funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014
<b>Prospectus Regulation</b>	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC
<b>S.A.</b>	Spółka akcyjna (Joint-stock company)
<b>SG&amp;A</b>	selling, general and administrative expenses, which are the main non-productive cost presented in the profit and loss account. (Selling, General & Administrative Expense)
<b>Sp. k.</b>	Spółka komandytowa (Limited partnership)
<b>Sp. z o.o.</b>	Spółka z ograniczoną odpowiedzialnością (limited liability company)
<b>Financial Statement</b>	(i) annual separate financial statements of the Issuer prepared in accordance with IFRS and consolidated financial statements of the Issuer's Group along with opinion of a statutory auditor, (ii) quarterly and semi-annual consolidated financial statements of Issuer's Group prepared in accordance with IFRS (iii) quarterly and semi-annual separate financial statements of the Issuer prepared in accordance with IFRS
<b>Articles of Association</b>	Issuer's Articles of Association
<b>Base Rate</b>	for Bonds with a variable interest rate, the base rate indicated in Final Terms and Conditions of a given Series, applicable to the calculation of Interest
<b>Interest rate</b>	value expressed as a percentage on the basis of which the amount of interest is calculated
<b>Website</b>	Issuer's website at the address: www [.] Dekpol [.] Pl or any other replacing website
<b>Act on Statutory Auditors</b>	Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (i.e. Journal of Laws 2020, item 1415 as amended)
<b>CIT Act</b>	Act of February 15, 1992 on corporate income tax (i.e. Journal of Laws of 2019, item 865, as amended)



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<b>Act on Bonds</b>	Act of January 15, 2015 on bonds (i.e. Journal of Laws of 2020, item 1208, as amended)
<b>Act on Trading</b>	Act of July 29, 2005 on trading in financial instruments (i.e. Journal of Laws of 2020, item 89, as amended).
<b>Act on Offering</b>	Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies (i.e. Journal of Laws of 2020, item 2080, as amended)
<b>Act on TCLT (PCC)</b>	Act of February 15 1992 on civil law transactions (i.e. Journal of Laws of 2020, item 1406, as amended)
<b>Act on PIT</b>	Act Of 26 July 1991 on Income Tax from Natural Persons (i.e. Journal of Laws of 2019, item 1387 as amended)
<b>Inheritance and Donation Tax Act</b>	Act of July 28, 1983 on inheritance and donation tax (i.e. Journal of Laws of 2019, item 1813, as amended)
<b>Accounting Act</b>	Act of September 29, 1994 on accounting (i.e. Journal of Laws of 2021, item 217 as amended)
<b>General Meeting of Shareholders</b>	Issuer's General Meeting of Shareholders
<b>Terms and Conditions of the Issue</b>	for Bonds of a given series - Basic Terms and Conditions of Bond Issue and Final Terms and Conditions for a given Series of Bonds
<b>WIBOR</b>	reference interest rate loans on the Polish interbank market (eng. Warsaw Interbank Offered Rate)
<b>Indicator</b>	means the ratio of the total value of Net Debt to the Consolidated Equity of the Issuer's Group
<b>Management Board</b>	Issuer's Management Board
<b>Approval of Prospectus</b>	when approving Prospectus, the Commission (UKNF) neither verifies nor approves issuer's business model, business methods and financing; in proceedings for approval of Prospectus, neither truthfulness of information contained in this prospectus nor the level of risk related to the activities conducted by the issuer and the investment risk related to acquisition of these securities are assessed
<b>General Meeting of Bondholders</b>	means the meeting of Bondholders convened and conducted in accordance with the Act on Bonds



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<b>PLN</b>	Polish zloty, legal currency in the Republic of Poland
<b>Financial debt</b>	means any interest bearing (discount) liability, in particular resulting from a loan agreement, credit agreement, promissory note issue, issue of bonds or other debt securities and payment obligations resulting from a surety, guarantee or debt accession, excluding (i) promissory notes issued to secure performance of obligations of the Issuer or Entities from Issuer's Group, (ii) guarantees and sureties granted in connection with conducting of Core Business by the Issuer or Entities from Issuer's Group, including guarantees and sureties granted by the Issuer or Entities from the Issuer's Group for obligations of the Issuer or Group Entities ( iii) liabilities of the Issuer or entities from the Issuer's Group towards their shareholders, limited partners, general partners, shareholders and related entities not belonging to the Issuer's Group
<b>Early Redemption Request</b>	means a written request to redeem Bonds submitted to the Issuer by a Bondholder in connection with the occurrence of violation incident

## LIST OF REFERENCES

Consolidated financial statement of Dekpol S.A. Capital Group for the year ended on 31<sup>st</sup> of December 2018, which was published on 30<sup>th</sup> of April 2019.

<https://dekpole.pl/wp-content/uploads/2019/04/DEKPOL-SSF-2018-Grupa-Kapita%C5%82owa-30.04.2019-r..pdf>

Consolidated financial statement of Dekpol S.A. Capital Group for the year ended on 31<sup>st</sup> of December 2019, which was published on 15<sup>th</sup> of May 2020.

<https://dekpole.pl/wp-content/uploads/2020/05/DEKPOL-SSF-2019-GRUPA-KAPITA%C5%81OWA.pdf>

Consolidated financial statement of Dekpol S.A. Capital Group for the period of 6 months ended on 30<sup>th</sup> of June 2020, which was published on Issuer's Website:

<https://dekpole.pl/wp-content/uploads/2020/09/GK-DEKPOL-SSF-HY2020.pdf>

Consolidated financial statement of Dekpol S.A. Capital Group for the period of 9 months ended on 30<sup>th</sup> of September 2020, which was published on Issuer's Website:



## PROSPECTUS OF DEKPOL S.A.

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[https://dekpols.pl/wp-content/uploads/2020/06/raport\\_GK-DEKPOL-IIIQ2020.pdf](https://dekpols.pl/wp-content/uploads/2020/06/raport_GK-DEKPOL-IIIQ2020.pdf)

Consolidated financial statement of the Dekpol S.A. Capital Group for the year ended on 31<sup>st</sup> of December 2018 was audited by a statutory auditor, and the opinion and report on the audit were made public on 30<sup>th</sup> of April 2019. The report on audit of consolidated financial statement for 2018 is available on Issuer's Website:

[https://dekpols.pl/wp-content/uploads/2019/04/Dekpol\\_2018\\_BSSF\\_MSSF\\_JZP\\_SzB\\_PL-1-sig.pdf](https://dekpols.pl/wp-content/uploads/2019/04/Dekpol_2018_BSSF_MSSF_JZP_SzB_PL-1-sig.pdf)

Consolidated financial statement of the Dekpol S.A. Capital Group for the year ended on 31<sup>st</sup> of December 2019 was audited by a statutory auditor, and the opinion and report on the audit were made public on 15<sup>th</sup> of May 2020. The report on audit of consolidated financial statement for 2019 is available on Issuer's Website:

[https://dekpols.pl/wp-content/uploads/2020/05/Sprawozdanie\\_z\\_badania\\_GK\\_Dekpol\\_S.A.\\_signed.pdf](https://dekpols.pl/wp-content/uploads/2020/05/Sprawozdanie_z_badania_GK_Dekpol_S.A._signed.pdf)

Statutory auditor has reviewed the semi-annual consolidated financial statement of the Dekpol S.A. Capital Group for the period of 6 months ended on 30<sup>th</sup> of June 2020. The report on audit was published on 28<sup>th</sup> of September 2020 and is available on Issuer's Website:

<https://dekpols.pl/wp-content/uploads/2020/09/Raport-z-prze%C4%85du-skr%C3%B3cone-SSF-30.06.2020-GK-Dekpol-SA-podpisane.pdf>

Information on the status of the company's application of recommendations and principles contained in the Code of Best Practice for GPW Listed Companies 2016 is available on Issuer's Website:

[https://dekpols.pl/wp-content/uploads/2020/10/GPW\\_dobre\\_praktyki\\_DEKPOL-1.pdf](https://dekpols.pl/wp-content/uploads/2020/10/GPW_dobre_praktyki_DEKPOL-1.pdf)

Merger plan of Dekpol Deweloper Sp. z o.o. with companies Dekpol 1 Sp. z o.o., Dekpol 1 Sp. z o.o. S.K.A. and Dekpol Royalties Sp. z o.o.

[https://dekpols.pl/wp-content/uploads/2021/03/Dekpol\\_Deweloper\\_plan\\_polaczenia\\_31.03.2021.pdf](https://dekpols.pl/wp-content/uploads/2021/03/Dekpol_Deweloper_plan_polaczenia_31.03.2021.pdf)



# APPENDICES

## 1. ISSUER'S ARTICLES OF ASSOCIATION

*CONSOLIDATED TEXT OF ISSUER'S ARTICLES OF ASSOCIATION ADOPTED BY RESOLUTION OF SUPERVISORY BOARD DATED 9<sup>TH</sup> OF SEPTEMBER 2020*

### ARTICLES OF ASSOCIATION OF A JOINT-STOCK COMPANY

#### I. GENERAL PROVISIONS

##### § 1.

The Company's business name shall be **Dekpol Spółka Akcyjna**. The Company may use the abbreviated name of Dekpol S.A. and its distinct graphic symbol.

##### § 2.

The Company's registered office shall be in Pinczyn.

##### § 3.

The Company is established for an unlimited period of time.

##### § 4.

The Company shall operate in the Republic of Poland and abroad.

#### II. THE COMPANY'S BUSINESS

##### § 5.

The areas of the Company's operations shall be, according to the Polish Classification of Activities (PKD):

- 1) PKD-24.10.Z – Manufacture of basic iron and steel and of ferro-alloys,
- 2) PKD-25.99.Z – Manufacture of other fabricated metal products not elsewhere classified,
- 3) PKD-28.92.Z – Manufacture of machinery for mining, quarrying and construction,
- 4) PKD-30.20.Z – Manufacture of railway locomotives and rolling stock,
- 5) PKD-41.1 - Development of building projects,
- 6) PKD-41.2 - Construction of residential and non-residential buildings,
- 7) PKD-42.1 - Construction of roads and railways,
- 8) PKD-42.2 - Construction of utility projects,
- 9) PKD-42.9 - Construction of other civil engineering projects,
- 10) PKD-43.1 - Demolition and site preparation,
- 11) PKD-43.2 - Electrical, plumbing and other construction installation activities,
- 12) PKD-43.3 - Building completion and finishing,
- 13) PKD-43.9 - Other specialised construction activities,
- 14) PKD-77.32.Z - Renting and leasing of construction and civil engineering machinery and equipment,
- 15) PKD-47 - Retail trade, except of motor vehicles and motorcycles,
- 16) PKD-46 - Wholesale trade, except of motor vehicles and motorcycles,



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- 17) PKD-52.10.B - Warehousing and storage of other goods,
- 18) PKD-55.10.Z - Hotels and similar accommodation,
- 19) PKD-56.10.A - Restaurants and other non-mobile catering facilities,
- 20) PKD-68.10.Z - Buying and selling of own real estate,
- 21) PKD-68.20.Z - Renting and operating of own or leased real estate,
- 22) PKD-68.31.Z - Real estate agencies,
- 23) PKD-68.32.Z - Management of real estate on a fee or contract basis,
- 24) PKD-77.12.Z - Renting and leasing of other motor vehicles, except for motorcycles.
- 25) PKD -47.30.Z - Retail sale of automotive fuel in specialised stores,
- 26) PKD - 08.12.Z – Operation of gravel and sand pits; mining of clays and kaolin,
- 27) PKD - 09.90.Z – Support activities for other mining and quarrying,
- 28) PKD - 38.32.Z – Recovery of sorted materials,
- 29) PKD - 08.11.Z – Quarrying of ornamental and building stone, limestone, gypsum, chalk and slate,
- 30) PKD - 23.61.Z – Manufacture of concrete products for construction purposes,
- 31) PKD - 23.63.Z – Manufacture of ready-mixed concrete,
- 32) PKD - 23.64.Z – Manufacture of mortars,
- 33) PKD - 43.13.Z – Test drilling and boring,
- 34) PKD - 39.00.Z – Remediation activities and other waste management services,
- 35) PKD - 66.19.Z – Other activities auxiliary to financial services, except insurance and pension funding,
- 36) PKD - 25.11.Z – Manufacture of metal structures and parts of structures,
- 37) PKD-61.10.Z - Wired telecommunications activities,
- 38) PKD-61.20.Z - Wireless telecommunications activities, excluding satellite telecommunications activities,
- 39) PKD-62.01.Z - Computer programming activities,
- 40) PKD-62.02.Z - Computer consultancy activities,
- 41) PKD-62.03.Z - Computer facilities management activities,
- 42) PKD-63.11.Z - Data processing, hosting and related activities,
- 43) PKD-64.20.Z - Activities of holding companies,
- 44) PKD-69.20.Z - Accounting, bookkeeping and auditing activities; tax consultancy,
- 45) PKD-70.10.Z - Activities of head office and holding companies, excluding financial holding companies,
- 46) PKD-70.22.Z - Business and other management consultancy activities.
- 47) PKD-77.33.Z - Rental and leasing of office machinery and equipment, including computers,
- 48) PKD-78.10.Z - Activities of employment placement agencies,
- 49) PKD-78.30.Z - Other human resources provision,
- 50) PKD-82.11 - Office administrative service activities,
- 51) PKD-95.11.Z - Repair and maintenance of computers and peripheral equipment,
- 52) PKD-95.12.Z - Repair and maintenance of (tele)communication equipment,
- 53) PKD-95.59.B - Other non-school forms of education, not classified elsewhere.

### § 6.

If commencing a certain type of activity requires a licence or another form of permission, the Company shall obtain such licence or permission prior to commencing this type of activity.

### § 7.

The Company may establish branches and representative offices, as well as hold shares and other participation units in other companies and business and social organizations, both domestic and foreign.



### III. THE COMPANY'S CAPITALS AND FUNDS

#### § 8.

1. The share capital shall be **PLN 8,362,549.00** (eight million three hundred and sixty-two thousand five hundred and forty-nine), divided into:
  - a) 66,410,000 series A ordinary bearer shares with a nominal value of PLN 1.00 (one) each,
  - b) 1,952,549 series B ordinary bearer shares with a nominal value of PLN 1.00 (one) each.
2. Series A and series B shares shall carry equal rights to dividend.
3. The shares have been paid for in full with cash contributions, with series A shares being taken up and covered in the process of transformation of Dekpol Spółka z ograniczoną odpowiedzialnością of Pinczyn, registered under National Court Register number 0000271884.
4. The Company's shares shall be exclusively bearer shares. Conversion of shares into registered shares shall not be permissible.

#### § 9.

1. In order to cover losses, the Company shall create a supplementary capital, with at least 8% of profit for a given financial year transferred to this capital until this capital reaches the value of at least 1/3 of the share capital.
2. Reserve capitals may also be created in the Company to cover particular losses or expenses. The given reserve capital shall be created and its purpose shall be defined by means of a resolution of the General Meeting.

#### § 10.

The General Meeting may create special purpose funds. The principles of managing the funds in the special purpose funds shall be specified in the bylaws approved by the Supervisory Board.

#### § 11.

1. The Company may increase the share capital by means of issuing new bearer shares or increasing the nominal value of the existing shares.
2. The Company may issue bonds, in particular bonds convertible to shares and bonds carrying the right of pre-emption with respect to taking up shares from new emissions, and subscription warrants.

#### § 12.

1. The Company's shares may be redeemed. A share may be redeemed upon consent from the Shareholder by means of its acquisition by the Company, by means of decreasing the share capital (voluntary redemption).
2. Redemption of shares shall require consent from the Shareholder and a resolution of the General Meeting. The resolution shall specify in particular the legal basis for redemption, the remuneration payable to the Shareholder holding the redeemed shares or a justification of redemption of the shares without remuneration, and the manner of decreasing the share capital.
3. The resolution on redemption of shares shall be published.

### IV. THE COMPANY'S GOVERNING BODIES

#### § 13.

The Company's governing bodies shall be:



- a. The Management Board,
- b. The Supervisory Board,
- c. The General Meeting.

## THE MANAGEMENT BOARD

### § 14.

1. The Management Board shall be composed of one or more Members.
2. The Members of the Management Board shall be appointed and removed from office by the Supervisory Board, which shall entrust the function of the President of the Management Board to one of the Members. The Supervisory Board may entrust the functions of Vice Presidents of the Management Board to other Members.
3. The term of office of the Members of the Management Board shall be 5 (five) years.
4. A Member of the Management Board shall resign in the form of a written representation made to the Chairman of the Supervisory Board.

### § 15.

1. The Management Board shall manage the Company's affairs and shall represent the Company.
2. The Management Board shall manage the property and the affairs of the Company and shall carry out its obligations with diligence resulting from the professional nature of its activities and shall observe legal regulations, the provisions of the Articles of Association, and the resolutions of the Company's other governing bodies.
3. Any and all matters related to the Company's operations that are not reserved for the General Meeting or the Supervisory Board under legal regulations or the provisions of the Articles of Association shall be within the competence of the Management Board.
4. Acquisition and disposal of real property, a right of perpetual usufruct, or, potentially, a share in a real property or in a right of perpetual usufruct shall not require a resolution of the General Meeting. Acquisition of real property, a right of perpetual usufruct, or, potentially, a share in a real property or in a right of perpetual usufruct for a price higher than PLN 25,000,000 shall require the consent of the Supervisory Board expressed in the form of a resolution.
5. The Supervisory Board shall adopt the bylaws of the Management Board that shall specify its internal organization and the manner of carrying out activities.

### § 16.

1. If the Management Board is composed of one Member, this Member shall be authorized to represent the Company individually. If the Management Board is composed of more than one person, the President of the Management Board acting individually, two Members of the Management Board acting jointly, and one Member of the Management Board acting jointly with a holder of procuracy shall be authorized to make declarations of will on behalf of the Company.
2. Each Member of the Management Board shall have the right and the duty to manage the Company's affairs that are not beyond the scope of the Company's ordinary business.
3. The resolutions of the Management Board shall be adopted by an absolute majority of votes. In the event of a split vote, the vote of the President of the Management Board shall decide. In order for the resolutions adopted during a meeting of the Management Board to be valid, all of the Members of the Management Board shall have been notified and the meeting of the Management Board must be attended by most of the Members of the Management Board, including the President of the Management Board.





**§ 17.**

In an agreement between the Company and a Member of the Management Board, the Company shall be represented by the Supervisory Board. The Supervisory Board may authorize, by means of a resolution, one or more of its Members to carry out such legal transactions. The Company may also be represented by an attorney-in-fact appointed under resolution of the General Meeting.

**THE SUPERVISORY BOARD**

**§ 18.**

1. The Supervisory Board shall be composed of between three and five Members, and in the event of the Company becoming a public company, between five and seven Members, subject to the provisions of § 4.
2. The Members of the Supervisory Board shall be appointed and removed from office by means of a resolution of the General Meeting. The General Meeting shall entrust one of the Members of the Supervisory Board with the function of the Chairman and another of the Members with the function of the Deputy Chairman.
3. The term of office of the Members of the Supervisory Board shall be 5 (five) years.
4. A Member of the Supervisory Board shall resign in the form of a written representation made to the President of the Management Board, at the same time notifying the Chairman of the Supervisory Board.
5. In the event of the Company becoming a public company, at least two Members of the Supervisory Board shall meet the requirement of being independent of the Company and its affiliates. A Member of the Supervisory Board that is independent of the Company shall be a person that meets all of the following requirements:
  - 1) The person did not serve as a Member of the Management Board of the Company or any of its affiliates in the last 5 years,
  - 2) The person was not an employee of the Company or any of its affiliates in the last 3 years,
  - 3) The person has not been receiving additional remuneration in a significant amount from the Company or any of its affiliates in addition to the remuneration received as a Member of the Supervisory Board,
  - 4) The person is not a shareholder and does represent in any way a shareholder or shareholders holding a controlling block of shares,
  - 5) The person has not had a significant commercial relationship with the Company or any of its affiliates, directly or as a partner, shareholder, or a member of a governing body,
  - 6) The person has not been a partner or an employee of the existing or a former statutory auditor of the Company or any of its affiliates in the last three years,
  - 7) The person has no links to the Members of the Management Board or the other Members of the Supervisory Board,
  - 8) The person is not actually and significantly linked to a shareholder having the right to cast 5% (five per cent) or more of the general number of votes at the General Meeting.
6. Potential failure to meet the criteria specified in § 18.5 by the Members of the Supervisory Board shall not affect the validity of the actions taken by the Supervisory Board, including but not limited to the resolutions adopted.

**§19.**

1. The meetings of the Supervisory Board shall be convened by the Chairman, and in his absence by the Deputy Chairman, at the request of the Management Board or any of the Members of the Supervisory Board, within two weeks from receiving such request. The requesting party shall specify the proposed agenda. If the Chairman fails to convene the



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meeting of the Supervisory Board within two weeks from the date of receiving the request, the requesting party shall have the right to convene the meeting himself.

2. The first meeting of the Supervisory Board and the meetings of the new composition of the Supervisory Board shall be convened by the Company's Management Board.
3. The meetings of the Supervisory Board shall be held at least once a quarter.
4. The meetings of the Company's Supervisory Board shall be held in the registered office of the Company and may also be held in Starogard Gdański, Gdańsk, Gdynia, Sopot, or Warsaw. Upon consent from all Members of the Supervisory Board, the meeting may also be held in another place.

### **§20.**

1. The Supervisory Board shall be capable of adopting resolutions if at least half of its Members are present at the meeting and all of the Members had been notified at least 7 days in advance of the date of the meeting.
2. The resolutions of the Supervisory Board shall be adopted by an absolute majority of votes. In the event of a split vote, the vote of the Chairman shall decide.
3. The Members of the Supervisory Board may participate in the adoption of resolutions by voting in writing via another Member of the Supervisory Board. Voting in writing shall not be permitted in matters introduced to the agenda during the meeting of the Supervisory Board.
4. The Supervisory Board may adopt resolutions following a written procedure or using means of direct communication over a distance. A resolution shall be valid if all Members of the Supervisory Board had been notified of the contents of the draft resolution.

### **§21**

1. The Supervisory Board shall exercise continued supervision over the Company's operations.
2. The powers of the Supervisory Board include:
  1. Evaluating the financial statements and the report of the Management Board on the Company's operations in the previous financial year in terms of them being in accordance with the books and documents and the actual state of affairs, as well as evaluating the requests of the Management Board concerning distribution of profit or coverage of loss and providing the General Meeting with an annual written report on this evaluation;
  2. Suspending, for important reasons, particular or all of the Members of the Management Board and delegating Members of the Supervisory Board, for a period of not more than three months, to temporarily serve in place of the Members of the Management Board that have been removed, have resigned, or are unable to perform their duties for other reasons;
  3. Adopting and amending the Bylaws of the Management Board;
  4. Determining the remuneration of the Members of the Management Board;
  5. Expressing consent to the Company taking up, acquiring, disposing of, and encumbering of shares in other companies, acceding to or leaving other companies, entities, or joint undertakings, and acquiring enterprises or organized portions of enterprises from other entities; subject to paragraph 3;
  6. Expressing consent to the conclusion of loan and borrowing agreements, issuing bonds (subject to §25 point 10) granting of sureties and guarantees, establishing a pledge or mortgage, carrying out a transfer of ownership title as security or establishing any other security of personal or material nature, as well as any other form of liability for the debts of third parties, with a value of the performance exceeding PLN 50,000,000 (fifty million);
  7. Expressing consent to carrying out gratuitous actions with a one-time value of performance exceeding PLN 100,000 (one hundred thousand);



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8. Approving the Company's budgets and financial plans and any and all amendments to these documents;
  9. Expressing opinion on the periodic reports of the Management Board;
  10. Expressing consent to operations involving derivatives;
  11. Appointing the statutory auditor to review the Company's financial statements (both stand-alone and consolidated), as well as approving the terms and conditions of the agreement with the statutory auditor and approving the termination of such agreement by the Company;
  12. Expressing consent to establishing and liquidating branches of the Company;
  13. Expressing consent to a Member of the Management Board engaging in competing interests or participating in a competing company as a partner or a member of the governing bodies;
  14. Expressing consent on the exercising by Management Board of the Company of voting right in its subsidiaries in matters specified in points 5, 6, 7, 10, 13 and in § 15 Section 4 and § 25 point 7;
  15. Other matters reserved for the Supervisory Board under legal regulations or these Articles of Association.
3. It does not require the consent of the Supervisory Board to subscribe shares or stocks of companies by the Company or its subsidiaries, as well as joining personal partnerships established for the purpose of implementing development projects by the Company or its subsidiaries, without the participation of third parties.

### **§ 22.**

1. The Members of the Supervisory Board shall exercise their rights and perform their duties in person.
2. The Supervisory Board shall produce a report on its activities in the previous financial year, presenting it to the Ordinary Shareholders Meeting for approval.
3. The Members of the Supervisory Board shall be remunerated in accordance with the relevant resolution of the General Meeting. The Members of the Supervisory Board shall be entitled to have the costs related to their participation in the works of the Supervisory Board reimbursed.
4. The Supervisory Board shall adopt its bylaws, which shall be subject to approval by the General Meeting.
5. The Members of the Supervisory Board shall be bound by the non-competition clause, as defined in Article 380 of the Commercial Companies Code. The consent to engage in competing interests shall be expressed by the General Meeting.

## **THE GENERAL MEETING**

### **§ 23.**

1. The General Meeting may be ordinary or extraordinary. The Ordinary General Meeting shall be held not later than within six months from the end of each financial year.
2. The Ordinary Shareholders Meeting shall be convened by the Management Board or by the Supervisory Board, unless the Management Board convenes it by the date specified in § 1.
3. The Extraordinary Shareholders Meeting shall be convened by the Management Board or the Supervisory Board, if it deems it necessary, or by a shareholder or shareholders representing at least 50% of the share capital or at least 50% of the general number of votes in the Company.



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4. A shareholder or shareholders representing at least 1/20 of the Company's share capital may request that the Extraordinary General Meeting be convened and specific items be included in its agenda. If the Extraordinary General Meeting is not convened within two weeks from the day of presenting the request to the Management Board, the registry court shall have the right to authorize the shareholders making the request to convene the Extraordinary General Meeting. The court shall appoint the chairman of such Meeting.
5. The entity convening the General Meeting shall decide on its agenda. The shareholder or shareholders representing at least 1/20 of the share capital may request for specific items to be included in the agenda of the next General Meeting. The request should be made to the Management Board not later than 14 days prior to the requested date of holding the Meeting, and if the Company becomes a public company, then 21 days in advance. The request should include the reasons for or a draft resolution concerning the proposed item of the agenda. The request may be submitted electronically.
6. The General Meetings shall be held in the registered office of the Company and may also be held in Starogard Gdański, Gdańsk, Gdynia, Sopot, or Warsaw.
7. The General Meeting shall be opened by the Chairman of the Supervisory Board or the Deputy Chairman of the Supervisory Board. Subsequently, a chairman of the Meeting shall be appointed from among the persons entitled to participate in the General Meeting. Should these persons be absent, the General Meeting shall be opened by the President of the Management Board or a person designated by the Management Board.

**§ 24.**

1. Each share shall carry 1 vote at the General Meeting. Resolutions shall be adopted by an absolute majority of the votes of the shareholders present at the General Meeting, unless the provisions of the Polish Commercial Companies Code or other applicable legal regulations provide otherwise.
2. Resolutions increasing the value of the performances by shareholders or limiting their rights shall require the consent of all of the shareholders they concern.

**§ 25.**

The following matters require a resolution of the General Meeting:

- 1) Examining and approving the report of the Management Board on the Company's operations and approving the financial statements for the previous financial year;
- 2) Adopting a resolution on the distribution of profit or the coverage of loss;
- 3) Acknowledging the fulfillment of duties by the members of the Company's governing bodies;
- 4) Adopting resolutions concerning the determination of the dividend date and the date for paying dividend;
- 5) Amending the Articles of Association;
- 6) Adopting the bylaws of the General Meeting;
- 7) Disposing of or leasing the enterprise or an organized portion thereof and establishing a limited property right on it;
- 8) Decisions concerning claims for redress of damage done in incorporating the Company or exercise of management or supervision;
- 9) Dissolution, liquidation, merger, division, or transformation of the Company;
- 10) Issue of convertible bonds or bonds with the right of pre-emption and issue of subscription warrants;
- 11) Other affairs reserved for the General Meeting under legal regulations or these Articles of Association.



## V. DISSOLUTION AND LIQUIDATION OF THE COMPANY

### § 26.

The Company shall be dissolved if:

- a. The General Meeting adopts a resolution on Company dissolution or on moving the Company's registered office abroad;
- b. The Company is declared bankrupt;
- c. Other reasons provided for in legal regulations occur.

### § 27.

The Company shall be dissolved after the completion of the liquidation procedure.

### § 28.

1. The liquidators shall be the Members of the Management Board, unless a resolution of the General Meeting provides otherwise.
2. Liquidators may be dismissed under a resolution of the General Meeting.

### § 29.

The division of the assets remaining after satisfying or securing creditors shall not take place prior to the lapse of one year from the last announcement of opening liquidation and calling upon creditors.

## VI. OTHER PROVISIONS

### § 30.

The financial year shall be the calendar year.

### § 31.

The Company's announcements shall be published in the *Monitor Sądowy i Gospodarczy*.

### § 32.

The provisions of the Polish Commercial Companies Code and other applicable legal regulations shall apply to the matters not regulated in these Articles of Association.



## 2. RESOLUTION OF MANAGEMENT BOARD REGARDING BONDS ISSUE PROGRAMME

### **Resolution of Management Board of Dekpol S.A. dated 29<sup>th</sup> of September 2020 regarding Bonds Issue Programme**

Management Board of Dekpol Spółka Akcyjna with its registered office in Pinczyn ("**Company**"), acting pursuant to Art. 2 section 1 lit. a and art. 4 of the Act of 15 January 2015 on Bonds, decides as follows.

1. The Company hereby establishes the first Bonds Issue Programme ("**I Bonds Issue Programme**"), under which the Company may issue bonds ("**Bonds**"), pursuant to Art. 33 points 1 or article 33 points 2 of the Act of January 15, 2015 on bonds, where:
  - 1) In total will be issued Bonds with a total nominal value of no more than PLN 200,000,000 (two hundred million);
  - 2) interest rate on Bonds will be variable or fixed. The method of calculation of interest, the date from which the interest is calculated, the amount of interest, the dates of its payment and the place of payment will be specified in Final Terms and Conditions of the Offer of a given series of Bonds.
  - 3) at the same time, the Company may issue one or more series of Bonds by 30<sup>th</sup> of June 2022;
  - 4) nominal value of one Bond of each series will be PLN 1,000 (one thousand) or PLN 100 (one hundred);
  - 5) benefits from Bonds will be only in cash,
  - 6) all Bonds of each series will not be in the form of a document and will be dematerialized, for this purpose the Company will conclude with Krajowy Depozyt Papierów Wartościowych S.A. an agreement or agreements for registration of Bonds;
  - 7) Bonds may be issued both as covered and uncovered bonds;
  - 8) issue of subsequent series of Bonds will be made each time pursuant to a resolution of Management Board of the Company, which will specify the Terms and Conditions of the Issue of a given series, in particular:
    - a) manner of Bonds issue,
    - b) currency of a given series of Bonds,
    - c) issue price;
    - d) separate and total nominal value of a given series of Bonds,
    - e) interest rate on Bonds of a given series;
    - f) redemption of a given series of Bonds,
    - g) interest periods for Bonds of a given series,
    - h) rules for application for introduction of a given series of Bonds to trading on the regulated market or alternative trading system Catalyst selected for this series.
2. Resolution comes into force on the day of its adoption.



### 3. RESOLUTIONS OF SUPERVISORY BOARD

#### **Resolution of Supervisory Board of Dekpol S.A. dated 30<sup>th</sup> of October 2020 on approval of the Bonds Issue Programme and consent for the issue of I-series bonds**

##### **§ 1.**

Supervisory Board of the Company hereby expresses its consent and approves the Bonds Issue Programme launched pursuant to the Resolution of Management Board dated 29<sup>th</sup> of September 2020, with a total nominal value of no more than PLN 200,000,000 (two hundred million), until maximum 30<sup>th</sup> of June 2022. ("Programme").

##### **§ 2.**

Supervisory Board of the Company agrees to issue I-series bonds under the Programme with a total nominal value of up to PLN 50,000,000 (fifty million), under terms of Resolution of the Company's Management Board dated 15<sup>th</sup> of October 2020 on the issue of I-series bonds.

##### **§ 3.**

Supervisory Board decides that each subsequent issue under the Programme, including the issue of each subsequent series of bonds, requires additional consent of the Supervisory Board to carry out such an issue of bonds.

#### **Resolution of Supervisory Board of Dekpol S.A. dated 14<sup>th</sup> of January 2021 on consent to issue bonds under the Bonds Issue Programme established on the basis of the Resolution of Management Board of the Company dated 29<sup>th</sup> of September 2020**

1. Considering that:
  - a) by the resolution dated 30<sup>th</sup> of October 2020, Supervisory Board gave its consent and approved the Bonds Issue Programme launched pursuant to the Resolution of Management Board of the Company dated 29<sup>th</sup> of September 2020 with a total nominal value of no more than PLN 200,000,000 (two hundred million), until maximum 30<sup>th</sup> of June 2022 ("Programme"),
  - b) so far under the Programme, with the consent of Supervisory Board expressed in resolution dated 30<sup>th</sup> of October 2020, the issue of I-series bonds with a total nominal value of up to PLN 50,000,000 (fifty million), on terms set out in the Resolution of Management Board of the Company dated 15<sup>th</sup> of October 2020 on issue of I-series bonds,
  - c) The company applied to the Polish Financial Supervision Authority (UKNF) for approval of the Base Prospectus in connection with public offering and application for admission to trading on the regulated Catalyst market operated by Giełda Papierów Wartościowych w Warszawie S.A. (WSE) of bonds to be issued under the Programme,



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Supervisory Board of Dekpol S.A. headquartered in Pinczyn (Company), acting pursuant to § 21 sec. 2 point 6 of Articles of Association, the Supervisory Board of the Company hereby agrees to issue, under the Programme, bearer bonds with a total nominal value of no more than PLN 75,000,000 (seventy-five million), under one or repeated issues, provided that the bonds will be issued and offered on terms and in accordance with principles described in the Base Prospectus previously approved by the Polish Financial Supervision Authority (UKNF).

2. Any issues under the Programme, that would be issued or offered in a manner other than that specified in point 1, will require a separate consent of the Supervisory Board.
3. § 3 of the Resolution of Supervisory Board dated 30<sup>th</sup> of October 2020 is hereby repealed.





## 4. BASIC TERMS AND CONDITIONS OF BONDS ISSUE

### BASIC TERMS AND CONDITIONS OF BONDS ISSUE

This document ("**Basic Terms and Conditions of Issue** ") specifies the basic conditions of the issue, including rights and obligations of the Company and the Bondholders in relation to the bonds ("**Bonds**") issued by **Dekpol Spółka Akcyjna** with its registered office in Pinczyn, address: ul. Gajowa 31, 83-251 Pinczyn, entered into the Register of Entrepreneurs of the National Court Register kept by the District Court Gdańsk-Północ in Gdańsk, 7th Commercial Division of the National Court Register under the KRS number: 0000505979, NIP: 5922137980, REGON: 220341682, with a share capital of PLN 8,362,549.00 (eight million, three hundred and sixty-two thousand, five hundred and forty-nine), paid in full ("**Issuer**", "**Company**") in one or more series under the Public Bonds Issue Programme up to the maximum total nominal value of issued and outstanding Bonds of **PLN 150,000,000** ("**Programme**" or "**Issue Programme**"), on the basis of the Resolution on Programme and the Issuer's issuance decisions approving the issue of particular series of Bonds.

Detailed conditions of the issue of a given series of Bonds are specified in Final Terms and Conditions of the Series. The Basic Terms and Conditions of the Issue and the Final Terms and Conditions for a given Series are jointly the Terms and Conditions of the Issue of a given series of Bonds within the meaning of Art. 5 sec. 2 of the Act on Bonds ("**Terms and Conditions of Issue**").

These Basic Terms and Conditions of Issue should be read in conjunction with the Final Terms and Conditions of the Series and any supplements and Updates to the Prospectus.

#### 1. DEFINITIONS

- 1.1. „**Issuing Agent**” means issuing agent within the meaning of Art. 7a of the Act on Trading, with the Investment Company entrusted with this function in relation to Bonds;
- 1.2. „**Calculation Agent**” means Investment Company;
- 1.3. „**Technical Agent**” means the entity registering Bonds through the account of a technical intermediary within the meaning of the KDPW Regulations, with the Offeror acting as the Technical Agent;
- 1.4. „**Catalyst**” means organized market of debt financial instruments in Poland;
- 1.5. „**Issue Price**” means purchase price of a given series of one Bond is determined in Final Terms and Conditions of a given Series of Bonds;
- 1.6. „**Deposit**” securities deposit kept by KDPW in accordance with provisions of the Act on Trading in which Bonds are registered under an agreement concluded by the Issuer with KDPW;



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- 1.7. „**Net Debt**” means total balance sheet value of consolidated interest-bearing liabilities of the Issuer's Group, including in particular: the value of loans, interest-bearing loans, leases, issued bonds, bills of exchange (excluding bills of exchange issued to secure performance of obligations of the Issuer or Entities from the Issuer's Group) and other debt securities, less cash and cash equivalents;
- 1.8. „**Issue Day**” means the day on which Bonds will be registered in the Register by use of services of Issuing Agent or the day on which rights from such Bonds will be registered in Deposit;
- 1.9. „**Interest Payment Day**” means the last day of a given Interest Period or Early Redemption Date;
- 1.10. „**Payment Day**” means each Interest Payment Day, Maturity Day or Early Redemption Day;
- 1.11. „**Working day**” means every day of the week, except for Saturdays and Sundays and other public holidays, on which KDPW conducts operational activities, enabling activities related to the transfer of Bonds and settlement of payment of benefits under Bonds;
- 1.12. „**Day of Settlement of Rights**” the fifth Business Day before a given Payment Date for Bonds, except for: (i) submitting by the Bondholder of a request for immediate or early redemption of Bonds, when the Settlement Date of Rights is the date of submission of request for immediate or early redemption, (ii) opening liquidation of the Issuer, when the Date of Settlement the Rights is the day of opening of liquidation of the Issuer and (iii) the merger of the Issuer with another entity, its division or transformation of the legal form, if the entity that assumed obligations of the Issuer under Bonds does not have the right to issue them, when for Settlement Date of Rights is considered the date of merger, division or transformation of Issuer's legal form, respectively;
- 1.13. „**Early Redemption Day**” means the day referred to in item 10.2 of Basic Terms and Conditions of Issue;
- 1.14. „**Verification Day**” means the last day of each calendar quarter, i.e. 31<sup>st</sup> of March, 30<sup>th</sup> of June, 30<sup>th</sup> of September, 31<sup>st</sup> of December, for which the Index will be tested;
- 1.15. „**Maturity Day**” the day referred to in item 10.1 of Basic Terms and Conditions of Issue;
- 1.16. „**Issue**” means Bonds issue;
- 1.17. „**Evidence**” means evidence of persons entitled under Bonds referred to in Art. 7a paragraph 4 point 4) of the Act on Trading;
- 1.18. „**Investment Company**” means the entity providing the Issuer with the service of offering in accordance with the Act on Trading, i.e. Michael / Ström Dom Maklerski S.A. with its registered office in Warszawa;
- 1.19. „**GPW (WSE)**” means Giełda Papierów Wartościowych w Warszawie S.A. with its registered office in Warszawa;



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- 1.20. „**Group**”, „**Capital Group**” means the Issuer and Entities from Issuer's Group;
- 1.21. „**KDPW**” means a company under the name of Krajowy Depozyt Papierów Wartościowych S.A. with its registered office in Warszawa;
- 1.22. „**K.s.h., Code of Commercial Companies**” means the Act of September 15, 2000, Code of Commercial Companies (i.e. Journal of Laws of 2019, item 505, as amended);
- 1.23. „**Issue costs**” means all fees, commissions and costs for the preparation and conducting of Bond issue, including remuneration of the Investment Company, legal costs and fees payable to capital market institutions;
- 1.24. „**Margin**” is the percentage value specified by the Issuer in the Final Terms and Conditions of the Series, used to determine the Interest Rate for a given series with a variable interest rate;
- 1.25. „**IAS (MSR)**” means International Accounting Standards;
- 1.26. „**IFRS (MSSF)**” means International Financial Reporting Standards and related interpretations announced in the form of regulations of European Commission;
- 1.27. „**Payment due**” means amount equal to nominal value of one Bond;
- 1.28. „**Bondholder**” means the entity indicated in the Register as entitled from Bonds, and after registration of Bonds in the Deposit of the holder of the Securities Account on which Bonds are entered or the person indicated to the entity operating the Omnibus Account by the holder of this account as an authorized person from Bonds entered in such an Omnibus Account or in the Register of Issue Sponsor;
- 1.29. „**Interest**” means the amount of interest on Bonds calculated and due in accordance with point 13 of Basic Terms and Conditions of Issue;
- 1.30. „**Interest Period**” has the meaning given in the Final Terms and Conditions of the given Series;
- 1.31. „**Final Terms and Conditions of the Series Issue**” means final terms and conditions of issue of a given series of Bonds, constituting part of detailed terms and conditions of the offer of a given series of Bonds determined by the Issuer, in a form consistent with the template constituting Annex 4 to the Prospectus;
- 1.32. „**PLN**” means Polish zloty, legal currency in the Republic of Poland;
- 1.33. „**Account Keeping Entity**” means holder of an Omnibus Account or the entity maintaining Securities Account on which Bonds are registered or the entity maintaining Register of Issue Sponsor;
- 1.34. „**Entities from Issuer's Group**” means subsidiaries of the Issuer or jointly controlled by the Issuer, within the meaning of provisions of IAS and IFRS, for which there is an obligation to consolidate financial statements under the Accounting Act (however, exemption from consolidation obligation does not exclude a given entity from the definition of "Entities from Issuer's Group" ) and described in the last consolidated financial statements of the



Issuer's Group or which will be described in the next consolidated financial statements of Issuer's Group, excluding the Issuer, and each of them is referred to as "**Entity from Issuer's Group**";

- 1.35. „**Basic Economic Activity**” means business activity of the Issuer or entities from the Issuer's Group consisting in real-estate development activities (housing, service, infrastructure), construction works related to construction of buildings, works related to construction of civil engineering structures, specialized construction works, purchase and sales of real-estates for company's own account, rental and management of real-estates – company's own or on somebody's request, business activities related to servicing of the real-estate market carried out on request, manufacture of products used in industrial activities, including accessories for construction machines, prefabricated materials and steel structures, activities in the field of design and architecture and, the case of the Issuer and other Group's Entities holding shares in subsidiaries, the activities of central companies and holdings, with the exception of financial holdings;
- 1.36. „**Restructuring Law**” means Act of May 15, 2015 on restructuring (i.e. Journal of Laws of 2020, item 814, as amended);
- 1.37. „**Bankruptcy law**” means Act of February 28, 2003 on bankruptcy (i.e. Journal of Laws of 2020, item 1228);
- 1.38. „**Prospectus**” means base prospectus prepared by the Issuer and approved by the Polish Financial Supervision Authority (UKNF) in connection with public offering of Bonds under Bonds Issue Program and in order to apply for admission of certain series of Bonds to trading on the regulated market, along with supplements and update announcements;
- 1.39. „**Bonds account**” means Securities Account or Omnibus Account;
- 1.40. „**Securities Account**” means securities account referred to in Art. 4 sec. 1 of the Act on Trading;
- 1.41. „**Omnibus Account**” means collective account referred to in Art. 8a of the Act on Trading;
- 1.42. „**Regulations of KDPW**” means applicable principles, procedures and other regulations adopted by KDPW, which define the manner in which KDPW operates depository-settlement system, in particular the Rules of KDPW and Detailed Rules of Operation of KDPW;
- 1.43. „**Prospectus Regulation**” means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC;
- 1.44. „**Regulated market**” means the regulated market operated by BondSpot S.A. or the Giełda Papierów Wartościowych w Warszawie S.A. (WSE) or their legal successors;



- 1.45. „**Consolidated Equity**” means the sum of share capital, supplementary capital, revaluation capital, other reserve capitals, profit from previous years, net profit and write-offs from the net profit of financial year, shown in the last, audited by a statutory auditor, consolidated annual financial statements of Issuer's Group or consolidated semi-annual financial statements of Issuer's Group or consolidated quarterly financial statements of Issuer's Group;
- 1.46. „**Financial Statement**” means: i) annual separate financial statements of the Issuer prepared in accordance with IFRS and consolidated financial statements of the Issuer's Group along with opinion of a statutory auditor, (ii) quarterly and semi-annual consolidated financial statements of Issuer's Group prepared in accordance with IFRS (iii) quarterly and semi-annual separate financial statements of the Issuer prepared in accordance with IFRS;
- 1.47. „**Base Rate**” means for Bonds with a variable interest rate, the base rate indicated in Final Terms and Conditions of a given Series, applicable to the calculation of Interest;
- 1.48. „**Interest rate**” means for the Bonds with a fixed interest, the value expressed as a percentage, and for the Bonds with a variable interest rate, it means the Base Rate increased by Margin, on the basis of which the Interest is calculated, in accordance with point **Błąd! Nie można odnaleźć źródła odwołania. (Interest rate)** of these Basic Terms and Conditions of Issue;
- 1.49. „**Website**” means Issuer's website at the address: www [.] Dekpol [.] Pl or any other replacing website;
- 1.50. „**Detailed Operating Rules of KDPW**” means Detailed Operating Rules of Krajowy Depozyt Papierów Wartościowych;
- 1.51. „**Resolution on Programme**” means Resolution of Issuer's Management Board of dated 29<sup>th</sup> of September 2020 on: the issue of bearer bonds issued under the Bonds Issue Programme, in which the total nominal amount of bonds issued until 30<sup>th</sup> of June 2022; will not exceed PLN 200,000,000.00; On the basis of the mentioned resolution (and the relevant resolution of management board on the issue), the issuer issued I-series bearer bonds with a total nominal value of PLN 50,000,000.00;
- 1.52. „**Act on Bonds**” means Act of January 15, 2015 on bonds (i.e. Journal of Laws of 2020, item 1208, as amended);
- 1.53. „**Act on Trading**” means Act of July 29, 2005 on trading in financial instruments (i.e. Journal of Laws of 2020, item 89, as amended);
- 1.54. „**Act on Offering**” means Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies (i.e. Journal of Laws of 2020, item 2080, as amended);



- 1.55. „**Accounting Act**” means Act of September 29, 1994 on accounting (i.e. Journal of Laws of 2021, item 217 as amended);
- 1.56. „**Loss of control**” means a situation where Mariusz Tuchlin will not hold directly or indirectly the Issuer's shares representing at least 51% (fifty one percent) of the Issuer's share capital and at least 51% (fifty one percent) of the total votes at the Issuer's General Meeting;
- 1.57. „**General Meeting of Shareholders**” means Issuer's General Meeting of Shareholders;
- 1.58. „**Nominal value**” means PLN 1.000 (one thousand of PLN);
- 1.59. „**Terms and Conditions of the Issue**” means for Bonds of a given series - Basic Terms and Conditions of Bond Issue and Final Terms and Conditions for a given Series of Bonds;
- 1.60. „**Indicator**” means the ratio of the total value of Net Debt to the Consolidated Equity of the Issuer's Group;
- 1.61. „**Financial debt**” means any interest bearing (discount) liability, in particular resulting from a loan agreement, credit agreement, promissory note issue, issue of bonds or other debt securities and payment obligations resulting from a surety, guarantee or debt accession, excluding (i) promissory notes issued to secure performance of obligations of the Issuer or Entities from Issuer's Group, (ii) guarantees and sureties granted in connection with conducting of Core Business by the Issuer or Entities from Issuer's Group, including guarantees and sureties granted by the Issuer or Entities from the Issuer's Group for obligations of the Issuer or Group Entities ( iii) liabilities of the Issuer or entities from the Issuer's Group towards their shareholders, limited partners, general partners, shareholders and related entities not belonging to the Issuer's Group;
- 1.62. „**General Meeting of Bondholders**” means the meeting of Bondholders convened and conducted in accordance with the Act on Bonds.
- 1.63. „**Early Redemption Request**” means a written request to redeem Bonds submitted to the Issuer by a Bondholder in connection with the occurrence of violation incident.

## **2. LEGAL STATUS OF BONDS (CONTENT AND FORM OF BONDS)**

- 2.1. Each Bond is a bearer debt security issued in series, not having the form of a document within the meaning of Art. 8 of the Act on Bonds, in which the Issuer states that it is a debtor of the Bondholder and undertakes to meet obligations to him in cash, specified in detail in Terms and Conditions of the Issue, in the manner and on the dates specified therein.
- 2.2. In case of registration of Bonds pursuant to Art. 7a of the Act on Trading, Issuing Agent will create the Evidence of Bondholders and then will register Bonds in the Deposit.
- 2.3. In case of settlement of Bond purchase transaction in the KDPW system, registration of Bonds will take place on the basis of matching settlement instructions issued by the Technical Agent and the Account Maintaining Entities in the manner specified in § 5 of the Detailed Operating Rules of the KDPW.



2.4. Manner of establishment of rights from Bonds and registration of Bonds will be specified by the Issuer in Final Terms and Conditions of the given Series of Bonds.

2.5. **ISSUER'S DECISION ON THE ISSUE**

Bonds are issued on the basis of:

2.5.1. art. 33 point 1 of the Act on Bonds in the form of a public offering, and

2.5.2. Resolutions on the Programme.

Final Terms and Conditions for the issue of a given series of Bonds applicable to a given series of Bonds will be determined each time by the Issuer based on a resolution of management board on the issue of a given series of Bonds.

3. **PURPOSE OF THE ISSUE AND THE USE OF RESOURCES FROM THE ISSUE OF BONDS**

3.1. The purpose of the issue will be specified in the Final Terms and Conditions of the given Series.

4. **NOMINAL VALUE AND ISSUE PRICE**

4.1. Nominal value of one Bond is PLN 1,000.00 (thousand).

4.2. Issue Price of one Bond will be specified in the Final Terms and Conditions of the given Series.

5. **THRESHOLD**

5.1. The issue threshold referred to in Art. 45 sec. 1 of the Act on Bonds has not been specified.

6. **MANNER OF ISSUE**

6.1. Bonds are issued under the public offering provided for in Art. 33 points 1 of the Act on Bonds.

7. **TRANSFERABILITY OF BONDS**

7.1. Bonds are transferable.

7.2. Rights from Bonds will be transferred in accordance with provisions of the Act on Trading and the KDPW Regulation.

7.3. The Issuer will apply for admission and introduction of Bonds to trading on the Regulated Market.

8. **FORM AND SCOPE OF COLLATERAL. ADDITIONAL COMMITMENTS AND DECLARATIONS**

8.1. Bonds may be issued as covered or uncovered securities. The Final Terms and Conditions of the Issue of Series will indicate any collateral for Bonds.

9. **OBLIGATIONS OF THE ISSUER**

9.1. The Issuer undertakes to provide the following obligations under the conditions specified in details in the Terms and Conditions of Issue:

9.1.1. Redemption of Bonds in accordance with point **Błąd! Nie można odnaleźć źródła odwołania.** of Basic Terms and Conditions of Issue and

9.1.2. payment of the premium in the cases provided for in point **Błąd! Nie można odnaleźć źródła odwołania.** of Basic Terms and Conditions of Issue;



9.1.3. payment of Interest in accordance with point 13 of Basic Terms and Conditions of Issue.

9.2. The Issuer will perform the services referred to above for each Bondholder, in accordance with the KDPW Regulations.

## 10. REDEMPTION OF BONDS

10.1. Redemption of the Bonds will take place on the date specified in **Final Terms and Conditions of the given Series**, subject to point 10.2 of Basic Terms and Conditions of Issue.

10.2. Redemption of the Bonds may take place on the date determined in accordance with point 11 - 12 of Basic Terms and Conditions of Issue, in which the Bonds will become due before the Redemption Date ("**Early Redemption Date**"):

10.3. at the request of the Bondholder in accordance with point 11 of Basic Terms and Conditions of Issue or

10.4. at the request of the Issuer in accordance with point 12 of Basic Terms and Conditions of Issue.

10.5. If the Maturity Date or the Early Redemption Date falls on a day which is not a Business Day, the redemption of the Bonds will take place on the first Business Day following, respectively, the Redemption Date or the Early Redemption Date.

10.6. Redemption of the Bonds (on the Redemption Date or on the Early Redemption Date) will take place through the payment by the Issuer to the Bondholder for each Bond of the Payment Due, increased by Interest calculated in accordance with point 13. of Basic Terms and Conditions of Issue and for a bonus defined in point **Błąd! Nie można odnaleźć źródła odwołania..**, in the event of early redemption at the request of the Issuer.

10.7. Regardless of the above provisions:

10.7.1. In the event of liquidation of the Issuer, all Bonds are subject to immediate redemption on the day the liquidation is opened;

10.7.2. In the event of a merger of the Issuer with another entity, its division or transformation of the legal form, the Bonds are subject to immediate redemption, if the entity that assumed the obligations of the Issuer under the Bonds, in accordance with the Act on Bonds, does not have the right to issue them.

10.8. Upon redemption, the Bonds will be redeemed.

## 11. EARLY REDEMPTION ON BONDHOLDER'S REQUEST

11.1. Each Bondholder may, before the Redemption Date, demand redemption of the Bonds held by the Bondholder only in the cases and on the terms set out below.

11.2. A written request for early redemption of the Bonds should be delivered by the Bondholder to the address of the Issuer and the entity maintaining the Bondholders' Securities Account on which the Bonds will be registered.





11.3. The Issuer has the right to demand the presentation of a deposit certificate or other document confirming the Bonds held by the Bondholder requesting early redemption.

11.4. If:

11.4.1. The Issuer will be in delay with the timely performance, in whole or in part, of the obligations arising from the Bonds, the Bonds are subject to immediate redemption at the request of the Bondholder.

11.4.2. The Issuer will be in a delay without fault, not shorter than 3 days, in the performance, in whole or in part, of the obligations under the Bonds, the Bonds shall be subject to immediate redemption, at the request of the Bondholder.

11.4.3. The Issuer will not establish any collateral within the time limits resulting from the Final Terms and Conditions of the Series, the Bonds are subject to immediate redemption at the request of the Bondholder.

11.5. In the event that any of events indicated below (Early Redemption Basis) occurs, each Bondholder may request redemption of Bonds held by the Bondholder from the date on which the Issuer should notify about the occurrence of such an event in accordance with point 15.2 of the Basic Terms and Conditions of Issue by 30 (thirty) days from the date on which the Issuer notified the Bondholders about the occurrence of the Early Redemption Basis. The Bonds indicated in request, the Issuer undertakes to redeem within 30 (thirty) days from the date of submission of the request, unless, before the Bondholder submits request for early redemption, the actual state constituting the basis for the Early Redemption will cease to last, and all its legal effects will be removed, as if the Basis for Early Redemption has never occurred, of which the Issuer will notify the Bondholders in the manner provided for in Basic Terms and Conditions of Bonds Issue:

11.5.1. Change of the Basic Business Activity

The Issuer will change the type of its Basic Business Activity.

A change in the type of conducted Basic Business Activity is, in a significant part, understood as a situation in which the Issuer's Group revenues from the Main Business Activities amount to less than 75% of total revenues of the Issuer's Group, based on the last annual and semi-annual consolidated financial statement of the Issuer's Group.

11.5.2. Cessation of business activities

The Issuer will cease or declare that it intends to discontinue, in whole or in a significant part, of the Main Business Activity which it conducted on the date of adoption of the resolution of Issuer's Management Board on adoption of Final Terms and Conditions of given Series of Bonds with the provision that this point does not affect the transfer of an organized part of Issuer's enterprise in the field of general contracting activities, by transferring of it to an Entity from the Issuer's



Group - a single-member limited liability company (without participation of third parties).

11.5.3. Division, merger or transformation

There will be a division, except for division referred to in Art. 529 § 1 point 4) of the Commercial Companies Code (division by spin-off), merger or transformation with participation of any entity from the Issuer's Group within the meaning of the Commercial Companies Code, other than the one referred to in point 10.5.2. of Basic Terms and Conditions of the Issue. At the same time, it is allowed to split, merge or transform Entities from the Issuer's Group within the Issuer's Group, without participation of third parties.

11.5.4. Sales of divided company

Prior to redemption of Bonds, the Issuer will sell or encumber any stocks or shares acquired by the Issuer as a result of division of the Entity from the Issuer's Group, described in point 0 of Basic Terms and Conditions of Issue.

11.5.5. Settlement of liabilities by the Issuer

- (i) Issuer has not made payments due to legally valid judgments or final administrative decisions ordering a payment in the total amount exceeding 10% of Consolidated Equity, and the Bondholders' General Meeting may set a different percentage limit, or
- (ii) issuer has announced that it has become unable to pay its debts as they become due, or
- (iii) Issuer has permanently ceased to perform its due obligations or announced such intention.

11.5.6. Net debt of the Issuer's Group

On Verification Day, the indicator will be higher than 1,1.

11.5.7. Financial debt

Issuer's financial debt or financial debt of an entity from the Issuer's Group, in the total amount exceeding equivalent of PLN 5,000,000.00 (five million), has not been repaid on time or has been legally effective and is due before the agreed maturity date of such Financial Debt due to a demand early repayment of such a Financial Debt as a result of an event of breach (as freely described) and the maturity has not been removed within the period provided for in agreements / documents related to establishment of this debt, until such breach (including repayment) is removed, and in the absence of such period within the period 7 (seven) days from the date it becomes payable;

11.5.8. Financing of entities from outside of the Issuer's Group

The Issuer or any entity from the Issuer's Group:



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- (i) grants or undertakes to grant a loan or financing in the total amount exceeding 1 (one)% of Consolidated Equity of the Issuer's Group to a third party, i.e. not belonging to the Issuer's Group. For avoidance of doubt, the payment of advance payments to third parties for contractual benefits does not constitute a breach of this point;
- (ii) will grant or undertake to grant to an entity outside the Issuer's Group a guarantee, surety or other security for liabilities of an entity outside the Issuer's Group in the amount exceeding 1 (one)% of Consolidated Equity of the Issuer's Group in total or will perform other legal actions with economic effects similar to any of the above-mentioned, to an entity outside the Issuer's Group; the above limitation does not apply to granting guarantees, sureties and other securities that do not constitute Financial Indebtedness, including in particular those customarily provided by investor or general contractor or contractor in the course of construction process or sales of apartments (including quality guarantees, performance guarantees construction, guarantees for subcontractors) or manufacturer of products and materials for industrial purposes (including, in particular, quality guarantees);

and the state of exceeding the above-mentioned limits will continue after 7 (seven) days from the date of such exceeding.

11.5.9. Profit. Payment of dividends by the Issuer.

Prior to the date of meeting of all obligations under Bonds, the Issuer will make payments for participation in Issuer's company to any of shareholders (including in particular reduction of share capital, redemption of shares or acquisition of shares, payment of profit (dividend) or advance payments towards profit (dividends)) with a value exceeding, individually or in total, in a given calendar year (during the next 12 calendar months) 30 (thirty)% of net profit of Issuer's Group, shown in the last annual consolidated financial statement of the Issuer's Group.

11.5.10. Grossly unfavorable transaction

The Issuer or another Entity from the Issuer's Group will make transaction or a set of series of transactions for another entity, not belonging to the Issuer's Group, the subject of which will be assets with a market value individually or in total exceeding 1 (one) % of Consolidated Equity of the Issuer's Group, on the basis of grossly diverging, to Issuer's disadvantage or an Entity from the Issuer's Group, from those generally applicable in trade, and in case of sales, asset sold (assets sold) will not (will) be replaced at its market value with another asset (other



assets) of the same or similar market value, with exception of disposals or transactions consisting in establishing collaterals in connection with obtaining of financing for business activities of the Issuer or an Entity from the Issuer's Group.

11.5.11. Issuer's insolvency

- (i) The Issuer will become insolvent under provisions of the Bankruptcy Law or Restructuring Law;
- (ii) The issuer will acknowledge its insolvency in writing or, due to inability in meeting its obligations on time, will negotiate with all of its creditors.

11.5.12. Bankruptcy or restructuring proceedings

- (i) A meeting of any Issuer's governing body will be convened to adopt a resolution:
  - a) on filing a petition for declaration of the Issuer's bankruptcy; or
  - b) on submission of an application to initiate restructuring proceeding of the Issuer within the meaning of Art. 2 of the Restructuring Law; or
  - c) on taking of any steps to initiate procedure for approval of arrangement within the meaning of Art. 2 point 1 of Restructuring Law in relation to the Issuer, in particular with regards to preparation of arrangement proposals, conclusion of agreement with arrangement supervisor referred to in Art. 210 of Restructuring Law or on determination of arrangement date within the meaning of Art. 211 of Restructuring Law; or
  - d) a meeting of any body of the Issuer will be held without convening, including the order or course of adopting a resolution on the above-mentioned cases; or
- (ii) Any of resolutions referred to above will be adopted by the Issuer's body; or
- (iii) The issuer will take any steps to initiate arrangement approval procedure within the meaning of Art. 2 point 1 of Restructuring Law (except for submission of an application for approval of arrangement), in particular, will conclude an agreement with arrangement supervisor referred to in Art. 210 of Restructuring Law or determine arrangement date within the meaning of Art. 211 of Restructuring Law or will submit arrangement proposals to creditors, including submission of voting cards referred to in Art. 212 and 213 of Restructuring Law; or
- (iv) will be appointed a temporary court supervisor or a compulsory administrator of the Issuer's enterprise.

11.5.13. Enforcement proceedings



Enforcement proceedings or seizure of assets will be initiated against the Issuer or any entity from the Issuer's Capital Group, the total value of which will exceed PLN 10,000,000.00 (ten million) individually or in total (over the next 12 months) (calculated in total in relation to the enforcement and seizure of the Issuer and all other entities from the Issuer's Group).

11.5.14. Seizure by a bailiff

On the basis of enforceable document enabling enforcement from the Issuer or an entity of the Issuer's Group of a performance with a nominal value (without interest and awarded costs) constituting at least 2 (two) % of the value of the sum of assets indicated in the last approved consolidated financial statement of the Issuer's Group, in relation to assets components of the Issuer or an Entity from the Issuer's Group with a value equal to at least 2 (two) % of the value of total assets indicated in the last approved consolidated financial statement of the Issuer's Group), there was a seizure by a bailiff or enforcement was initiated, which was not redeemed or waived or in any other way suspended within 120 (one hundred and twenty) days from the date of receipt by the Issuer or an Entity of the Issuer's Group, respectively, of information on its commencement, and in the event of an appeal being lodged, it was not suspended within aforementioned period pending examination of appeal.

11.5.15. Liquidation of the Issuer

A court will issue a decision to liquidate the Issuer or the General Meeting of Shareholders will adopt resolution on liquidation of the Issuer, or will be adopted a resolution to move Issuer's headquarter outside the territory of the country where the Issuer has its registered office on the Issue Date, or there will be one of reasons for dissolution of the Issuer indicated in Commercial Companies Code.

11.5.16. Exclusion of Issuer's shares

Issuer's shares will be excluded from trading on GPW (WSE).

11.5.17. Regulated market

After introduction to trading on the Regulated Market, the Bonds will be withdrawn from trading on this market at the request of the Issuer or pursuant to the decision of GPW (WSE).

11.5.18. Statement and assurances of the Issuer

Any statements and assurances made by the Issuer in Terms and Conditions of Issue proves to be untrue in whole or in part, at the moment in which it was made.

11.5.19. Loss of control



There will be a loss of control.

11.5.20. Information duties

The Issuer fails to perform or improperly performs its obligation to provide information in accordance with point 15 of Terms and Conditions of Issue and such breach has not been removed within 10 (ten) Business Days from the date of the event.

11.5.21. Collateral

Where in Final Terms and Conditions of a given Series has been foreseen collateral:

- (i) is ascertained / becomes ineffective invalidity or ineffectiveness of any of collateral for receivables from Bonds established in the performance of Terms and Conditions of Issue;
- (ii) statements on submission to enforcement will not be submitted within time limits specified in Final Terms and Conditions of a given Series of Bonds;
- (iii) within 30 days from the date on which the agreements with mortgage administrator, pledge administrator and security administrator, for any reason, will cease to be in force, a new mortgage administrator, pledge administrator and security administrator, respectively, will not be established.
- (iv) The Issuer breaches provisions of agreements on the basis of which collateral of Bonds will be established in performance of Terms and Conditions of Bonds Issue.

**12. EARLY REDEMPTION ON ISSUER'S REQUEST**

12.1. The Issuer is entitled to early redemption of a specified number of Bonds on each of the Interest Payment Days, starting from the Interest Payment Date for the I Interest Period, on the following terms:

12.1.1. The Issuer shall notify the Bondholders of exercising the right of early redemption, indicating in such notification the Interest Payment Date on which the Issuer will redeem the Bonds earlier, i.e. the Early Redemption Date;

12.1.2. Early Redemption Date may be set on a date which falls no earlier than after 12 (twelve) Business Days from the date of notifying the Bondholders of exercising the right of early redemption.

12.1.3. Early redemption will be carried out in accordance with KDPW Regulations.

12.1.4. For the performance of early redemption, the Issuer will pay to Bondholders a premium calculated on the nominal value of the Bonds subject to a given early redemption, as specified in Final Terms and Conditions of the Series.

**13. INTEREST ON BONDS (INTEREST)**



13.1. Payment of interest

13.1.1. The bonds bear interest starting from the Issue Date (excluding that date).

13.1.2. Interest will be payable in arrears on the Interest Payment Date.

13.1.3. If the Interest Payment Day does not fall on a Business Day, the Issuer undertakes to pay the Interest on the first Business Day following that Interest Payment Date.

13.2. Calculation of interest

13.2.1. Interest will be calculated on the nominal value of Bonds for a given Interest Period.

13.2.2. Interest on Bonds will be calculated in the period from the Issue Date (excluding that day) to:

- (i) the Redemption Date (including this date), or
- (ii) Early Redemption Date (including this date).

13.2.3. The first Interest Period begins on Issue Date (excluding that day). Each subsequent Interest Period begins on the last day of the previous Interest Period (excluding this day) and ends on the last day of Interest Period (including this day).

13.2.4. After Redemption Date, Bonds do not bear interest, unless the Issuer is late with performance of Bonds. In the latter case, Bonds will bear interest at the statutory interest rate calculated for the period from Redemption Date to the day preceding day of payment of cash payments from Bonds, inclusive.

13.3. The amount of interest

The interest on Bonds will be calculated according to the following formula:

$$O = N \times Opr \times (LD/365)$$

where:

O – means amount of Interest on one Bond for a given Interest Period,

Opr – means interest rate,

N – means nominal value of one Bond,

LD – means actual number of days in a given Interest Period (where in the case of early redemption, the Interest Period ends on Early Redemption Date),

Result of the above math operation is rounded to one grosz (PLN) (where 5/10 and larger parts of grosz will be rounded up).

13.3.1. Determination of Interest Rate in the case of Bonds of a variable interest rate will take place on the following terms:

- (I) Interest Rate for a given Interest Period will be the Base Rate (as defined below) increased by Margin.
- (II) Base Rate is the WIBOR rate established in the Final Terms and Conditions of the Series, i.e. the interest rate on loans on the Polish interbank market for a given period of WIBOR (Warsaw Interbank Offered Rate), determined with an



accuracy of 0.01 percentage points and provided by GPW Benchmark S.A. based in Warszawa at [www.gpwbenchmark.pl](http://www.gpwbenchmark.pl) or any other website that will replace it.

(III) Base Rate shall be set four Business Days prior to the first day of the Interest Period in which a given Base Rate is to apply ("**Interest Rate Determination Date**").

(IV) If the Interest Rate cannot be determined in accordance with the principles described above, then it will be determined on the basis of the last available Base Rate provided before the Interest Rate Determination Date by GPW Benchmark S.A. based in Warszawa at [www.gpwbenchmark.pl](http://www.gpwbenchmark.pl) or any other website that will replace it.

13.3.2. Interest Amount for a given Interest Period will be calculated by the Calculation Agent.

13.3.3. Calculation Agent will notify the Issuer of the Interest amount for a given Interest Period.

13.3.4. Calculation Agent will perform its duties within the time limits provided for in the Terms and Conditions of Issue and in accordance with applicable legal provisions.

#### **14. METHOD OF PAYMENT OF BENEFITS FROM BONDS**

14.1. Cash benefits from Bonds will be provided in PLN.

14.2. All payments under the Bonds will be made without any deductions for counterclaims (unless such deductions were required by law) and will be made subject to the provisions of law in force on the date of payment.

14.3. Payments under Bonds will be made through the KDPW and the relevant Account Holder in accordance with the KDPW Regulations and the regulations of the Account Holder, to Bondholders on the Day of Rights Establishment preceding a given Payment Date.

14.4. Benefits from Bonds will not be paid to the Bondholder in cash. Payments will be considered duly made when the funds are transferred to the account of a Bondholder.

14.5. Subject to Art. 482 of the Civil Code, Interest is not capitalized with the Payment Due.

#### **15. ADDITIONAL OBLIGATIONS OF THE ISSUER**

15.1. The Issuer will publish the relevant Financial Statements (including information on the ratio calculated on the Verification Date and information necessary for their calculation) on the Website and in accordance with the Issuer's applicable regulations on the submission of financial statements by public companies within the time limits specified in these regulations.

15.2. The Issuer undertakes to notify the Bondholders of the occurrence of each of the events described in sections 10.7, 11.4 and 0 of Basic Terms and Conditions of Issue in case when such an event lasts at least 3 (three) days, in the manner provided for providing





information to the Bondholders specified in point 15.3 of Basic Terms and Conditions of Issue – immediately, but not later than within 4 (four) days from the Issuer becoming aware of such an event.

- 15.3. Without prejudice to any additional requirements provided for by mandatory provisions of law, information for the Bondholders, the disclosure of which is provided for in Terms and Conditions of Issue, will be published on the Website.

## **16. LIMITATION**

- 16.1. Claims arising from Bonds, including claims for periodic benefits, shall expire after 10 years.

## **17. APPLICABLE LAW. JURISDICTION**

- 17.1. Bonds are issued in accordance with Polish legal provisions and are subject to this law. Any disputes related to Bonds will be submitted to the District Court for the Capital City of Warsaw in Warsaw, with the proviso that the settlement of civil disputes over property rights between the Issuer and other participants of the depository system or between the Issuer and the KDPW related to participation in the depository system is subject to the jurisdiction of the Court of Arbitration at the Krajowy Depozyt Papierów Wartościowych S.A.

## **18. NOTIFICATIONS**

- 18.1. Any notifications from the Issuer to the Bondholders, subject to point 15 of the Terms and Conditions of Issue, will be submitted to the Bondholders by publication on the Issuer's Website (taking into account the fact that the Issuer has the status of a public company).
- 18.2. All notifications sent by the Bondholders to the Issuer shall be valid provided that they are signed on behalf of the Bondholder and delivered by registered mail or courier with return receipt requested or directly against receipt to the Issuer's address.

## **19. GENERAL MEETING OF BONDHOLDERS**

- 19.1. Bondholders may make decisions at the Bondholders' Meeting.
- 19.2. As a result of a resolution of the Bondholders' Meeting, it is permissible to change all provisions of Terms and Conditions of Issue.
- 19.3. Rules of convening and holding a Bondholders' Meeting are specified in the Act on Bonds. The Bondholders' Meeting may be held in the Issuer's registered office or in Warszawa.

## **20. FINAL PROVISIONS**

- 20.1. In matters related to the Bonds, the Investment Company acts only as an attorney of the Issuer and shall not be liable to the Bondholders for the payment of Interest by the Issuer and redemption of the Bonds, or for any other obligations of the Issuer under the Bonds.



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- 20.2. If any provisions of Terms and Conditions of Issue regarding the payment of cash benefits prove to be inconsistent with KDPW Regulations, the relevant KDPW Regulations shall prevail over application of provisions of Terms and Conditions of Issue in this respect.
- 20.3. Documents, information and communications published by the Issuer on the Website in accordance with provisions of the Act on Bonds and provisions of Terms and Conditions of Issue, the Issuer is obliged to submit in printed form to the Investment Company - no later than 5 Business Days from the date of publication on the Website.



## 5. TEMPLATE OF FINAL CONDITIONS FOR THE ISSUE OF A GIVEN SERIE OF BONDS

### FINAL CONDITIONS FOR THE ISSUE OF THE SERIE [•]

DEKPOL S.A.

[Place], [Date]

This document specifies final terms of the issue of bonds indicated below, issued by Dekpol Spółka Akcyjna with its registered office in Pinczyn, address: ul. Gajowa 31, 83-251 Pinczyn, entered into the Register of Entrepreneurs of the National Court Register kept by the District Court Gdańsk-Północ in Gdańsk, 7th Commercial Division of the National Court Register under the KRS number: 0000505979, NIP: 5922137980, REGON: 220341682, with a share capital of PLN 8,362,549.00 (eight million, three hundred and sixty-two thousand, five hundred and forty-nine), paid in full ("**Company**").

[•]-series bonds ("**Bonds**") are issued as a part of the Bond Issue Programme up to the amount of PLN 200,000,000 pursuant to the resolution of Management Board of the Company dated 29<sup>th</sup> of September 2020 on launching of Bonds Issue Programme, the resolution of Supervisory Board dated 30<sup>th</sup> of October 2020 on approval of the Bonds Issue Programme, the resolution of Supervisory Board of the Company dated 13<sup>th</sup> of January 2021 regarding the consent to issue bonds under the Bonds Issue Programme established on the basis of the Resolution of Management Board of the Company dated 29<sup>th</sup> of September 2020 and the Resolution of Management Board of the Company dated [•] on approval of Final Terms and Conditions in relation to Bonds ("**Final Terms and Conditions of Bonds**") ("**Programme**", "**Resolutions on Programme**") and the resolution of Supervisory Board of the Company dated [•] on the consent of issue of [•]-series bonds. The base prospectus prepared by the Company in connection with the issue of Bonds under the Programme was approved by the Polish Financial Supervision Authority (UKNF) on [•] 2020 ("**Prospectus**").

These Final Terms and Conditions of Bonds should be read in conjunction with the Prospectus and any supplements to the Prospectus and update announcements.

The prospectus, containing the basic terms and conditions for issue of Bonds, along with any supplements and updates to the Prospectus, has been made available to the public in electronic form on Company's website (www [.] Dekpol [.] Pl) and additionally, for information purposes, on website of the Investment Company under (www [.] Michaelstrom [.] Pl).

The Company points out that it is necessary to interpret jointly the Prospectus and these Final Terms and Conditions of Issue of Bonds in order to obtain complete information, including any supplements to the Prospectus and update announcements.



## PROSPECTUS OF DEKPOL S.A.

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A summary of the Prospectus relating to the issue of Bonds is attached to these Final Terms and Conditions of the Issue of Bonds.

Information contained in this document constitute the final terms and conditions for Bonds described therein within the meaning of the Prospectus Regulation and also constitute the detailed terms and conditions of the issue of a given series of Bonds and the final terms and conditions of the offer of a given series of Bonds within the meaning of Resolutions on Programme.

All capitalized terms in this document, not otherwise defined in this document, have the meaning assigned to them in the Prospectus.

### 1. INFORMATION ON THE PUBLIC OFFERING OF BONDS

Designation of series:	[●]				
Number of Bonds offered:	Up to [●]				
Nominal Value of Bonds in total:	Up to [●] PLN ([●]).				
Issue Price:	[is constant and equal to the Nominal Value (PLN 1,000 (thousand zlotys))] / [depends on the date of subscription and amounts to: <table border="1"><thead><tr><th>Date of submission of subscription</th><th>Issue Price (PLN)</th></tr></thead><tbody><tr><td>[●]</td><td>[●]</td></tr></tbody></table>	Date of submission of subscription	Issue Price (PLN)	[●]	[●]
Date of submission of subscription	Issue Price (PLN)				
[●]	[●]				
Minimum value of subscription:	[●]				
Places for accepting subscriptions:	specified in the announcement posted in electronic form on the Company's website (www [.] dekpól [.] pl) and additionally, for information purposes, on the website of the Investment Company (www[.]michaelstrom[.]pl).				
Entity performing technical allotment of Bonds:	[Investment Company]				
Rules of subscriptions reduction:	[●]				



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Manner of Bonds registration:	[•]
Collateral:	[•]
Bonus for early redemption of Bonds at the request of the Issuer	– ON THE PAYMENT DATE OF INTEREST FOR [•] INTEREST PERIOD [•] %, – [•]

### 2. DATES RELATED TO THE BONDS OFFER

Start date of accepting subscriptions:	[•]
Final date of accepting subscriptions:	[•]
Expected date of allotment:	[•]
Expected Issue Date:	[•]
Expected date of publishing of results of the Offering:	[•]
Expected date of admission of Bonds to trading:	[•]

In additions, in the situation referred to in Art. 23 sec. 2 of the Prospectus Regulation, if the supplement referred to in Art. 23 sec. 1 of the Prospectus Regulation, is made available to the public after the start of the subscription, persons who have already agreed to purchase or subscribe for the securities before the supplement is published withdraw their acceptances / may repeal legal consequences of subscription, provided that the significant new factor, material mistake or material inaccuracy relating to the information contained in The prospectus, which may affect the assessment of Bonds, arose or was noted before the closing of the offer period. Repealing of the legal consequences of subscription is made by a written declaration at any customer service point of the investment company that accepted the subscription for the Bonds, within three business days from the date the Supplement is made available, unless the Issuer sets a longer deadline. Detailed rules for withdrawing from the subscription will be presented each time in the supplement. In connection with the above, the Issuer may allot Bonds not earlier than after the deadline for the investor to repeal the legal consequences of subscription.



### 3. INFORMATION ON DETAILED TERMS AND CONDITIONS OF THE BONDS ISSUE

This information containing the detailed terms and conditions of the issue of Bonds should be read in conjunction with basic terms and conditions of the issue of Bonds ("**Basic Terms and Conditions of Issue**") contained in the chapter "**Basic Terms and Conditions of Bonds Issue**" of the Prospectus. This information containing detailed terms and conditions of the issue of Bonds together with the Basic Terms of Issue constitute the terms and conditions of the issue of the Bonds within the meaning of Art. 5 of the Act on Bonds.

Capitalized terms have the meaning given to them in the Basic Terms and Conditions of Issue.

Designation of the series:	[●]
Initial ISIN code:	[[●] <i>if known</i> ]
Interest Periods:	[●]
Final Redemption Day:	[●]
Maximum number of Bonds issued in a given series:	Up to [●]
Total maximum nominal value of Bonds issued in a given series:	Up to [●]
Interest:	[fixed / variable]
Interest Rate for Bonds with a fixed interest rate:	[[●]%/ N/A]
Margin for Bonds with variable interest rate:	[[●]%/ N/A]
Base Rate for Bonds with a variable interest rate:	[WIBOR for [●] monthly loans / N/A]
Expected net inflows from issue:	[●]
Estimated total cost of the issue or offer:	[●]
Utilization of Inflows from the Offering:	[●]
Name and Surname:	Name and Surname:
Signature: _____	Signature: _____