



# **CONSOLIDATED FINANCIAL STATEMENT OF DEKPOL CAPITAL GROUP**

PREPARED IN ACCORDANCE WITH INTERNATIONAL  
REPORTING STANDARDS  
FOR THE PERIOD 01 January 2020 - 31 December 2020  
(corrected)

Pinczyn, 28<sup>th</sup> of May 2021



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## TABLE OF CONTENTS

INTRODUCTION TO THE FINANCIAL DATA .....	7
STATEMENT OF FINANCIAL POSITION.....	43
STATEMENT OF THE FINANCIAL POSITION .....	44
STATEMENT OF CHANGES IN EQUITY IN REPORTING PERIOD .....	48
STATEMENT OF CHANGES IN EQUITY IN PREVIOUS REPORTING PERIOD.....	49
ADDITIONAL EXPLANATORY NOTES.....	50
1. Property, plant and equipment .....	50
1.1. Property, plant and equipment .....	50
1.2. Property, plant and equipment in the reporting period.....	50
1.3. Property, plant and equipment in previous reporting period .....	51
2. Investment properties.....	53
2.1. Investment properties.....	53
2.2. Investment properties in reporting period.....	54
2.3. Investment properties in previous reporting period .....	54
3. Goodwill and other intangible assets .....	54
3.1. Intangible assets .....	54
3.2. Intangible assets in reporting period .....	55
3.3. Intangible assets in previous reporting period .....	55
4. Stocks and shares .....	56
5. Other financial assets .....	56
5.1. Other financial assets .....	56
6. Inventories .....	56
6.1. Structure of inventories.....	56
6.2. Inventory write-offs .....	57
7. Long-term receivables .....	57
7.1. Long-term receivables .....	57
7.2. Long-term receivables write-offs.....	57
7.3. Short-term receivables .....	57
7.4. Short-term receivables write-offs.....	58
7.5. Structure of payables by payment terms in reporting period.....	59
7.6. Structure of payables by payment terms in previous reporting period .....	59
7.7. Structure of overdue receivables in reporting period.....	60
7.8. Structure of overdue receivables in previous reporting period .....	60



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

<b>8. Cash.....</b>	<b>61</b>
8.1. Cash specifics .....	61
<b>9. Deferred charges .....</b>	<b>61</b>
9.1. Active deferred charges.....	61
<b>10. Equities.....</b>	<b>61</b>
10.1. Share capital.....	61
10.2. Changes in number of shares .....	62
<b>11. Provisions .....</b>	<b>62</b>
11.1. Provision specifics .....	62
11.2. Changes in provisions in reporting period .....	63
11.3. Changes in provisions in previous reporting period .....	63
<b>12. Financial liabilities .....</b>	<b>64</b>
12.1. Specification of financial liabilities .....	64
12.2. Loans and borrowings (in thousands of PLN): .....	64
12.3. Liabilities by payment terms in reporting period .....	75
12.4. Liabilities by payment terms in previous reporting period .....	75
<b>13. Trade liabilities .....</b>	<b>76</b>
13.1. Long-term liabilities .....	76
13.2. Short-term liabilities .....	76
13.3. Liabilities by payment terms in reporting period .....	77
13.4. Liabilities by payment terms in previous reporting period .....	78
13.5. Overdue liabilities in reporting period .....	79
13.6. Overdue liabilities in previous reporting period .....	79
<b>14. Deferred income balance.....</b>	<b>80</b>
14.1. Specification of deferred income in reporting period.....	80
14.2. Specification of deferred income in previous reporting period .....	80
<b>15. Assets held for sale and discontinued operations .....</b>	<b>80</b>
<b>16. Operating revenues and costs.....</b>	<b>81</b>
16.1. Sales revenues.....	81
16.2. Costs by type .....	82
16.3. Own selling cost .....	83
16.4. Other operating revenues .....	84
16.5. other operating costs .....	84
<b>17. Financial revenues and expenses.....</b>	<b>85</b>
17.1. Financial revenues.....	85



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

17.2. Financial expenses .....	86
<b>18. Income tax.....</b>	<b>86</b>
18.1. Income tax .....	86
18.2. Effective taxation rate.....	87
<b>19. Deferred income tax.....</b>	<b>87</b>
19.1. Deferred income tax.....	87
19.2. Deferred income tax assets in reporting period .....	89
19.3. Deferred income tax assets in previous reporting period.....	89
19.4. Deferred income tax provisions in reporting period.....	89
19.5. Deferred income tax provisions in previous reporting period .....	90
<b>20. Financial instruments .....</b>	<b>91</b>
20.1. Financial instruments - assets .....	91
20.2. Financial instruments - liabilities .....	92
<b>21. Risk of financial instruments .....</b>	<b>92</b>
21.1. Exposure on FX risk in reporting period .....	92
21.2. Exposure on FX risk in previous reporting period .....	93
21.3. Exposure on interest rate risk in reporting period.....	93
21.4. Exposure on interest rate risks in previous reporting period .....	94
<b>22. Operating segments .....</b>	<b>94</b>
22.1. Revenues, result and other in reporting period .....	94
22.2. Revenues, result and other in previous reporting period.....	96
22.3. Geographical Structure .....	97
<b>23. Construction services .....</b>	<b>97</b>
23.1. Agreements on construction services .....	97
<b>24. Transactions with affiliates.....</b>	<b>98</b>
24.1. benefits for managerial staff .....	98
24.2. Transactions and balances with affiliates in reporting period .....	99
24.3. Transactions and balances with affiliates in previous reporting period .....	100
<b>25. Other information .....</b>	<b>101</b>
25.1. Average number of FTE's.....	101
25.2. Auditor's remuneration.....	101
<b>26. Events after balance sheet date .....</b>	<b>101</b>
<b>27. Liabilities and conditional assets .....</b>	<b>105</b>
27.1. Specification of liabilities and conditional assets .....	105
<b>28. Earnings per share .....</b>	<b>106</b>



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

29. Construction services .....	106
---------------------------------	-----



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## SELECTED FINANCIAL DATA

Selected consolidated financial data	thousand PLN		thousand EUR	
	01.01.2020- 31.12.2020	01.01.2019- 31.12.2019	01.01.2020- 31.12.20120	01.01.2019- 31.12.2019
I. Net revenue from sales of products, goods, and materials	1 054 978	772 119	235 791	179 487
II. Profit (loss) on operating activity	81 044	70 960	18 114	16 495
III. Profit (loss) before tax	67 073	62 729	14 991	14 582
IV. Net profit (loss)	52 771	50 788	11 795	11 806
V. Earnings (loss) per ordinary share (in PLN / EUR)	6,31	6,07	1,41	1,41
VI. Net cash flows from operating activity	126 747	82 825	28 328	19 254
VII. Net cash flows from investment activity	(8 845)	(18 275)	(1 977)	(4 248)
VIII. Net cash flows from financial activity	(76 673)	(14 234)	(17 137)	(3 309)
IX. Total net cash flows	41 230	50 316	9 215	11 696
	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
X. Total assets	953 497	954 981	206 617	224 253
XI. Liabilities and provisions for liabilities	660 017	712 667	143 022	167 352
XII. Long-term liabilities	128 920	197 100	27 936	46 284
XIII. Short-term liabilities	531 097	515 567	115 086	121 068
XIV. Equity	293 479	242 314	63 595	56 901
XV. Share capital	8 363	8 363	1 812	1 964
XVI. Number of shares at the end of the period	8 362 549	8 362 549	8 362 549	8 362 549
XVII. Book value per share (in PLN / EUR)	35	29	8	7

The above financial data for 2020 and the corresponding period of 2019 have been converted into EUR according to the following rules:

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

- 31<sup>st</sup> of December 2020 – 4,6148 PLN / EUR
- 31<sup>st</sup> of December 2019 – 4,2585 PLN / EUR

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

- from 1<sup>st</sup> of January till 31<sup>st</sup> of December 2020 – 4,4742 PLN / EUR,
- from 1<sup>st</sup> of January till 31<sup>st</sup> of December 2019 – 4,3018 PLN / EUR.



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

# INTRODUCTION TO THE FINANCIAL DATA

## GENERAL INFORMATION

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

DEKPOL S.A.

Ul. Gajowa 31, 83-251 Pinczyn

### **Registration Court, register number:**

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

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

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

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

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

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

### **Duration of the Company:**

The period of the Company's operations is indefinite.



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

### The main business activities:

According to the National Court Register, the core business of the Company is:

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

### Presented reporting periods:

Financial statement is presented for the period from 1<sup>st</sup> of January 2020 to 31<sup>st</sup> of December 2020. The comparative financial data is presented for the period from 1<sup>st</sup> of January 2019 to 31<sup>st</sup> of December 2019.

The company Dekpol S.A. prepares consolidated financial statement.

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

Issuer's Management Board is composed of one or more Members. Supervisory Board entrusts one of Members of the Management Board with the function of the President of Management Board. Other Members of the Management Board may be entrusted with the function of Vice Presidents of the Management Board. Term of office of Members of the Management Board is 5 (five) years and is not joint.

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

Name and surname	Function
<b>Mariusz Tuchlin</b>	President of Management Board
<b>Katarzyna Szymczak-Dampc</b>	Vice-President of Management Board

Changes in the composition of the Management Board of Dekpol S.A. in 2020 and until the date of publication of the statement:





**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

On 7<sup>th</sup> of August 2020, Katarzyna Szymczak-Dampc changed her position in the Management Board from a Member of the Management Board to the Vice-President of the Management Board.

On 31<sup>st</sup> of December 2020, the Company received a resignation from Mr. Michał Skowron from the position of Vice President of the Management Board of the Company with effect on 31<sup>st</sup> of December 2020, on the indicated date. Mr. Michał Skowron indicated that the resignation was due to the reorganization of the Dekpol Capital Group and the Company and the planned ordinance of an organized part of the Company's enterprise, covering the transfer of activities in the field of general contracting to a subsidiary of Dekpol S.A., i.e. Dekpol Budownictwo Sp. z o.o., in which Mr. Michał Skowron was appointed to the management board and will act as the President of the Management Board.

Articles of Association of Dekpol S.A. provides that the Supervisory Board consists of three to five members, whereas in case of obtaining by the Issuer the status of a public company from five to seven members. Vocation as well as dismissal of members of the Supervisory Board follows through resolution of General Meeting of Shareholders. This body elects the Chairman of Supervisory Board, may also entrust the function of Vice-president to another member. The term of office of Supervisory Board members takes 5 years and cannot be joint.

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

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

Changes in the composition of the Supervisory Board Dekpol S.A. in 2020 and until the date of publication of the report

In 2020, the composition of the Supervisory Board of Dekpol S.A. has not changed.

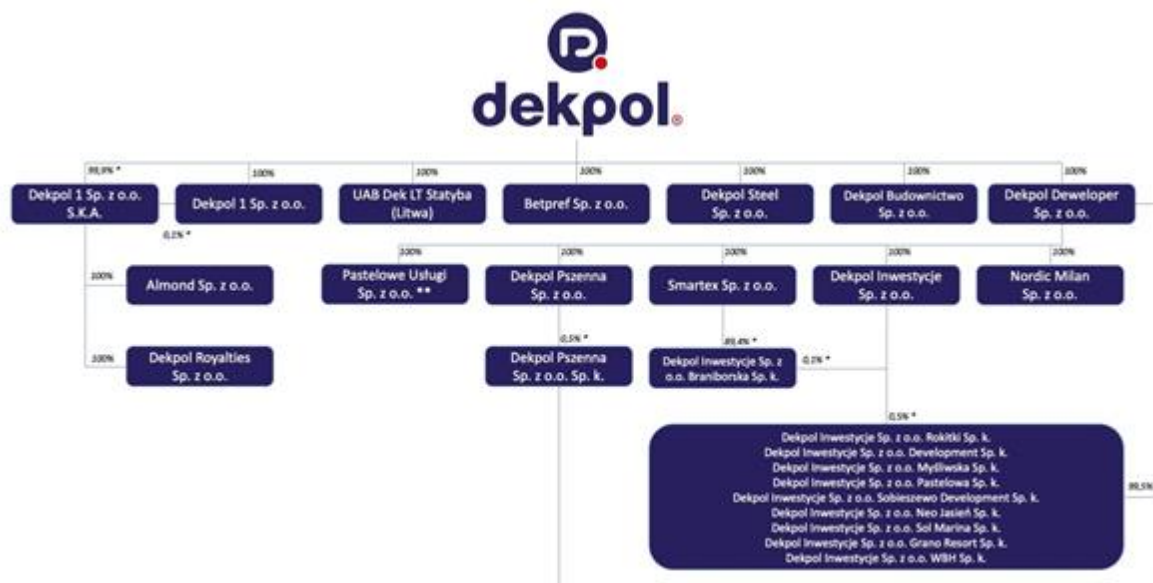
## **2. Composition of the Capital Group and related entities:**

As at 31<sup>st</sup> of December 2020, Dekpol S.A. was part of the Dekpol Capital Group. as the parent company and direct or indirect subsidiaries of Dekpol S.A.

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



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)



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

\*\* The company was established in 2021 - as at the date of publication of the Report, the company was not entered into the National Court Register and remains a limited liability company in organization

All companies presented in the diagram above are subject to full consolidation. A more detailed description of the activities and relations between the companies from the Dekpol Group can be found further in the report.

### Other entities in which entities from the Dekpol Capital Group participate

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

- 1) Mineral Group Spółka z ograniczoną odpowiedzialnością - an entity established to conduct activities related to the exploration and extraction of mineral resources. Deweloper Sp. z o.o. holds 50 out of 101 shares in the share capital of this company (amounting to PLN 5,000).
- 2) Dekpol 1 SPV Spółka z ograniczoną odpowiedzialnością - an entity established to implement 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 the share capital of this company (amounting to PLN 5,000).

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



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

Company's name	KRS	Nature of connection	Information about the company
City Apart Management Sp. z o.o.	0000300191	- 98% of shares belongs to Mariusz Tuchlin, 98% of votes, 2% of shares and votes belongs to City Apart Management Sol Marina Sp. z o.o.	The company operates in the hotel industry
Dekpol Serwis Sp. z o.o. (until 29.01.2021 general partner of Dekpol Serwis Sp. z o.o. Sp. k., currently OMT Serwis Mariusz Tuchlin Sp. j.)	0000629533	- 90% of shares belong to Mariusz Tuchlin (President of the Management Board in the Company)	The company does not conduct operating activities. The company operated as central companies and holdings with the exception of financial holdings
OMT Serwis Mariusz Tuchlin Sp. j. (untill 07.04.2021 OMT Serwis Mariusz Tuchlin Sp. K.)	0000893460	- Mariusz Tuchlin has a 99% share in the profits and losses of the Company, he is also a partner authorized to represent it	The company operates in the field of passenger and delivery vehicle rental as well as construction machinery and equipment
City Apart Management Sol Marina Sp. z o.o.	0000711010	- 90% of shares belong to Mariusz Tuchlin (proxy in the Company), 90% of votes	The company will operate in the hotel industry
City Hotel Management Sp. z o.o.	0000589930	- 100 % of shares belongs to OMT Holding Sp. z o.o. in which 98% of shares belongs to Mariusz Tuchlin	The company operates in the hotel industry
OMT Holding Sp. z o.o.	0000852695	- 98% of shares belong to Mariusz Tuchlin (President of the Management Board in the Company)	The company operates as central companies and holding companies, with the exception of financial holdings
OMT Nieruchomości Sp. z o.o.	0000849933	- 90% of shares belong to Mariusz Tuchlin (President of the Management Board in the Company)	The company operates as central companies and holding companies, with the exception of financial holdings
City Apart Management Pszenna Sp. z o.o.	0000710859	- 90% of shares belong to Mariusz Tuchlin (proxy in the Company), 90% of votes	The company operates as central companies and holding companies, with the exception of financial holdings
City Apart Management Pszenna Sp. z o.o. Sp. K.	0000711812	- Mariusz Tuchlin has a 99% share in the profits and losses of the Company (proxy in the Company)	The company operates in the hotel industry
Flats For Rent Sp. z o.o.	0000750704	- 100% of shares belongs to Mariusz Tuchlin, 100% of votes	The company operates as central companies and holding companies, with the exception of financial



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

<b>Company's name</b>	<b>KRS</b>	<b>Nature of connection</b>	<b>Information about the company holdings</b>
Flats For Rent Sp. z o.o. Sp. K.	0000751229	- Mariusz Tuchlin has a 99% share in the profits and losses of the Company	The company operates in the field of real estate management and real estate rental

### **3. Legal basis for preparing the financial statement**

Financial statements are prepared using defined principles in paragraph § 25-28 IAS 1:

- Going concern,
- Accrual,
- continuity of presentation.

The Company prepares the income statement using the multiple-step variant.

The Company prepares its cash flow statement using an indirect method.

The financial statement is presented in thousands of PLN.

### **4. Date of approval of the financial statement for publication**

Financial statement was approved for publication on 29<sup>th</sup> of April 2021.

### **5. Functional currency and the reporting currency**

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

### **6. Continued operations**

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

### **7. Events after balance sheet date**

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

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

**Whenever the Company is indicated below, it applies to the entire DEKPOL Capital Group**



### **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.



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

- 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 fewer selling costs, whichever is lower, and are not subject to depreciation - according to MSSF 5 "Non-Current Assets Held for Sale and Discontinued Operations".

## **Lease**

- The Company recognizes 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 Company applies the cost model, except for investment properties measured at fair value.
- The company uses discounted value of debts divided in to long- and short-term debts. The value of debt is updated if lease period is changed or if prediction of buying out abilities will change (updated according to discount rate) or if the lease charges will change due to other than rate changes (updated with no changes to discount rate). The difference in value is written according to changes in right to use value changes.
- Assets which are the subject matter of a financing lease have to be disclosed as user's assets; assets which are the subject matter of an operating lease have to be disclosed as lessor's assets. Information required by MSSF 16 are revealed in additional explanatory notes.
- The company 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:



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

- - 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 Company 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 Company initially recognizes IA acquired in separate transactions at acquisition prices, while IA produced by the Company at a production cost.
- If software licenses or similar assets are acquired, costs of implementation of software incurred until the date of bringing it to the assumed fitness for purpose specified by the Company's Management Board should be recognized under the IA initial value. The implementation costs do not include costs of employee trainings which encumber profit or loss on the date they are incurred.
- Only IA meeting the criteria specified for development works may be classified as IA produced by the Company. Goodwill, trademarks etc. are not classified as IA, if produced by the Company.





**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

- After the initial recognition, the Company 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 Company determines a period of economic useful life. A period of economic useful life may be unlimited. A period of economic useful life resulting from legal titles may not be longer than a period of validity of such titles.
- IA is subject to amortization in a period of economic useful life from the day on which an asset is ready for use until the date on which it is excluded from recognition or it is intended for sale.
- The Entity applies a straight-line amortization method of IA, unless other methods (degressive method, method based on production units) better reflect the consumption of economic benefits. The Company may apply other methods and rates in order to establish tax income.
- An amortization period and method are subject to periodic verification, at least at the end of each financial year. If a significant change is found as compared to previous estimates, the entity changes amortization rates and/or method starting from the first day of the reporting period.
- IA with an indefinite period of economic useful life and goodwill are not subject to amortization, but they are tested for impairment loss at the end of each financial year and when there are premises that impairment loss of IA has occurred. Moreover, the correctness of the assumption that IA has an indefinite period of useful life is verified on an annual basis and, if needed, IA is reclassified to amortized IA. Goodwill is not subject to reclassification.
- IA with the initial value not exceeding PLN 3,000.00 are charged to costs once. IA with an initial value of PLN 3,000.00 are included in the analytical records of IA and depreciated over their useful economic life in accordance with the above-mentioned principles.

In the reporting period, the IA was not produced on its own.

### **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





**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

point, made up to 3 months before or after the date on which the given valuation is made, meet the valuation conditions on that day, if no significant changes took place at that time changes in the external environment affecting the value of a given property. At the same time, in the case of real estate purchased on the free market six months before the balance sheet date, no real estate valuation update is required if there were no significant changes in the external environment.

### **Shares in subsidiaries**

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

All of the above companies are subject to full consolidation.

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

- 1) Dekpol 1 Sp. z o.o. - limited partner of DEKPOL 1 Sp. z o.o. SKA;
- 2) Dekpol 1 Sp. z o.o. S.K.A. - is responsible in the DEKPOL Group for the management of subsidiaries appointed to perform specialized tasks as well as intangible and intellectual values in the DEKPOL Group;
- 3) UAB DEK LT Statyba – company established to support the Company's operations in Lithuania, as well as to manage future contracts in the General Contractor implemented in Lithuania;
- 4) Dekpol Deweloper Sp. z o.o. - the purpose of the creation was to separate an organized part of the Dekpol S.A. covering the property development activity and transferring it in kind to this company, which took place on 1<sup>st</sup> of January 2019;
- 5) Betpref Sp. z o.o. – a company established to ensure the continuity of deliveries of precast concrete products used in the performance of contracts in general contracting;
- 6) Dekpol Steel Sp. z o.o. – the purpose of the creation was to separate an organized part of the enterprise Dekpol S.A. covering the production of accessories for construction machinery and transferring it in kind to this company, which took place on 1<sup>st</sup> of January 2020;
- 7) Dekpol Budownictwo Sp. z o.o. – the purpose of the creation is to separate in the future an organized part of the enterprise of Dekpol S.A. covering general contracting activities and its transfer in kind to this company.

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



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

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

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

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

1) Dekpol Inwestycje Sp. z o.o. – general partner of special purpose vehicles carrying out individual development investments in the Dekpol Capital Group: Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k. ; Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k. ; Dekpol Inwestycje Sp. z o.o. Development Sp. k., Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k., Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k., Dekpol Inwestycje Sp. z o.o. WBH Sp. k., Dekpol Inwestycje Sp. z o.o. Neo Jasień Sp. k. (formerly Dekpol Inwestycje Sp. z o.o. Osiedle Zielone Sp.k.), Dekpol Inwestycje Sp. z o.o. Grano Resort Sp. k., Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k., Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp. k.;

2) Dekpol Pszenna Sp. z o.o. – general partner of a special purpose vehicle for the implementation of a development investment on Pszenna street in Gdańsk;

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

4) Smartex Sp. z o.o. – limited partner of a special purpose vehicle established to carry out a development investment in Wrocław at ul. Braniborska - Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k.

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

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

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

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

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



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

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

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

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

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

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

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

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

10) Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp. k. - a special purpose vehicle for the implementation of smaller development investments in Gdańsk on the Sobieszewska Island. Dekpol S.A. owns 100% shares in: Dekpol 1 Sp. z o.o., UAB DEK LT Statyba, Betpref Sp. z o.o., Dekpol Deweloper Sp. z o.o., Dekpol Steel Sp. z o.o., Dekpol Budownictwo Sp. z o.o. and 100% shares in Dekpol 1 Sp. z o.o. S.K.A.

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

As at 31<sup>st</sup> of December 2020, Dekpol Deweloper Spółka z ograniczoną odpowiedzialnością is the limited partner of the companies: Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k.; Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k.; Dekpol Inwestycje Sp. z o.o. Development Sp. k., Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k., Dekpol Inwestycje Sp. z o.o. Neo Jasień Sp. k. (dawniej Dekpol Inwestycje Sp. z o.o. Osiedle Zielone Sp. k.), Dekpol Inwestycje Sp. z o.o. Grano Resort Sp. k., Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k., Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp. k., Dekpol Inwestycje Sp. z o.o. WBH Sp. k., having 99.5% share in profits in these companies, and Dekpol Inwestycje Sp. z o.o. being the general partner of these companies.



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

Dekpol Deweloper Sp. z o.o. until 21<sup>st</sup> of December 2020, he was a limited partner of Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k. Dekpol Inwestycje Sp. z o.o. being the general partner of this company.

Dekpol Deweloper Sp. z o.o. is a limited partner of Dekpol Pszenna Sp. z o.o. Sp.k. having a 99.5% share in profits in this company, while Dekpol Pszenna Sp. z o.o. being a general partner of this company has a 0.5% share in the profits, with the proviso that until 12<sup>th</sup> of July 2020, the profit to be distributed among the companies from the Dekpol Group is reduced by the amount of PLN 500, attributable to the other limited partner of the company. On 13<sup>th</sup> of July 2020, BSWW Trust Sp z o.o. acted as a limited partner of Dekpol Pszenna Sp z o.o. Sp.k. and ceased to share in the profits.

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

Until 22<sup>nd</sup> of December 2020, Dekpol Deweloper Sp. z o.o. owned 62.3% of shares in Smartex Sp. z o.o. and the right to acquire 37.7% of shares in Smartex Sp. z o.o. On 22<sup>nd</sup> of December 2020, Dekpol Deweloper Sp. z o.o. purchased 93 shares from Zbigniew Andrzej Korzeniowski and thus became the sole shareholder of Smartex Sp z o.o.

Until 21<sup>st</sup> of December 2020, Dekpol Deweloper Sp. z o.o. was a limited partner of Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k., Dekpol Inwestycje Sp. z o.o. being the general partner of this company. On 22<sup>nd</sup> of December 2020, the shares of Dekpol Deweloper were taken over by Smartex Sp. z o.o. in 89.4% of the shares and Zbigniew Andrzej Korzeniowski in 10.5% of the shares.

On 8<sup>th</sup> of April 2021, a new company was established - Pastelowe Usługi Sp. z o.o., 100% of which is owned by Dekpol Deweloper Sp. z o.o. This situation changed the composition of the Dekpol Capital Group. As at the date of publication of the report, Dekpol S.A. Capital Group is part of the Dekpol S.A. Capital Group. as the parent company and twenty-five subsidiaries. Pastelowe Usługi Sp. z o.o. will be subject to full consolidation.

### **Other entities in which entities from the Dekpol Capital Group participate**

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

- 1) Mineral Group Spółka z ograniczoną odpowiedzialnością – an entity established to conduct activities related to the exploration and extraction of mineral resources. Deweloper Sp. z o.o. holds 50 out of 101 shares in the share capital of this company (amounting to PLN 5,000).



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

- 2) 2) Dekpol 1 SPV Spółka z ograniczoną odpowiedzialnością - an entity established to implement 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 the share capital of this company (amounting to PLN 5,000).

Associated companies are valued using the equity method.

The operating activity of the Dekpol Capital Group focuses on three areas:

- general contracting in the field of construction of industrial, public, sports and recreational facilities, environmental protection facilities, as well as sanitary, road and hydrotechnical works;
- real-estate development activity- construction, finishing and sale of housing estates, single-family housing estates, luxury apartment buildings, condo and apart hotels as well as commercial and service areas;
- production of accessories for construction machines - manufacturer of buckets and integrated equipment for machines.

### **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,
  - Assets measured at fair value through profit or loss. Financial instruments not included in the aforementioned categories are classified here, in particular derivative instruments not recognized as an effective hedge of future cash flows.
- 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,



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

- 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.

In the reporting period, the Company applied hedge accounting for the first time. As a result of measuring the effectiveness of the hedge, the effective part of the value of PLN 4,467 thousand was recognized. PLN gross, presented in the revaluation reserve in the net value of PLN 3.618 thousand and the ineffective part in the amount of PLN 3.540 thousand was recognized in the financial result (financial cost).

<b>Equity</b>	<b>293 479</b>	<b>242 314</b>
Share capital	8 363	8 363
Capital from the sale of shares above their nominal value	26 309	26 309
Other capitals	228 422	188 479
including revaluation reserve for FX forward	-3 618	
Own shares (-)	0	0
Exchange differences from conversion	-3	1
Reserve capital	0	0
Retained earnings:	28 387	19 160

### **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.



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

- 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.
- Inventory outgoings are valued according to the first in - first out (FIFO) method.





**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

- 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





**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

months before the balance sheet date as the discount rate. The company adopts the expected increase in salaries above inflation of 1% per year. The company estimates the provision once every 3 years, unless there have been significant changes in the size and structure of employment or the discount rate;

- The company does not use the "actuarial corridor".
- Unused employee leaves - are estimated as the product of the average remuneration in the Company constituting the basis on the balance sheet date for the payment of the equivalent for unused vacation (including mark-ups charged to the employer's costs) and the number of days of unused vacation;
- Other short-term employee benefits related to the reporting period - bonuses, salaries etc. - are treated as liabilities if their value is determined and unconditional. Otherwise, they are recognized as provisions.
- The company creates the following provisions for other titles:
  - On the effects of legal disputes - in the amount of the full value of the subject of dispute and the expected costs related to the dispute, if the legal assessment shows a medium or high probability of losing;
  - For warranty repairs and complaint costs - created based on the historical relation of repair costs incurred to sales revenues of products covered by the warranty;
  - For future losses from pending business operations - created if the contract to which the Company is party incurs burdens, e.g. a contract has been signed that will result in losses, the contract terms have not been fulfilled, which will result in the obligation to pay compensation;
  - For restructuring costs - if the 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.
- 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:



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

- 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.
- 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.

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,



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

- 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.



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

- 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:
  - $TKW \text{ 1m}^2 \text{ PU} = [(PKZR) - (POPS) * (CPOPS)] / (PUO)$
  - Where:
  - TKW – technical manufacturing cost
  - PKZR – total order costs incurred
  - POPS – area of auxiliary facilities subject to sale (garages, basements)
  - CPOPS – expected selling price per square meter of ancillary facilities
  - PUO – total usable area of premises



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

- 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.

## 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".

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

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

The Group 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





**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

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 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.

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. 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.

### **9. Financial risk management**

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

- interest rate risk - as part of its operations, the Group is exposed to interest rate risk. The Group has financial liabilities, the financial cost of which is calculated on the basis of a variable WIBOR base interest rate and a fixed margin. An increase





**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

in the base rate by 0.5 pp would cause an increase in financial costs by approx. 1.318 thousand PLN, assuming that the balance of liabilities bearing a fixed rate would remain unchanged throughout the financial year.

- exchange rate risk and risk of changes in raw material prices - due to a further increase in the scale of operations in foreign currencies, the Group is exposed to currency risk from concluded transactions. Such risk arises as a result of sales or purchases made by the Group in currencies other than the national currency. If as at 31/12/2020 the EUR exchange rate was higher or lower by 3%, then the Group's financial assets would be higher or lower by PLN 2.958 thousand and financial liabilities higher or lower by 190 thousand of PLN - as a result of negative or positive exchange rate differences resulting from the conversion of receivables, loans granted, cash accumulated on bank accounts and trade liabilities. In order to limit the risk of exchange rate fluctuations, in the currency settlements related to export sales and imported purchases, the Group largely uses natural hedging, which results in balancing currency flows. During short-term and identifiable imbalances in currency flows, the Group will use currency derivatives to unrealistically hedge future cash flows.
- credit risk - the Company is exposed to credit risk, understood as the risk that debtors will not meet their obligations and thus cause the Company to incur losses. Due to the ongoing monitoring of receivables and undertaking debt collection activities, the Company'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 Company 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 company 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 Company 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>2020</b>	<b>2019</b>
Write-off for expected credit losses at the beginning of the period	5 382	6.862



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

Changes during the period	707	-1.480
As at the end of the period	6.089	5.382

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 Company 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 Company 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 Company 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 Company 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 company 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 Company issues bonds. The Company 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 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. Other risks affecting the operations of the Company are described in more detail in the Report of the Management Board on the operations.

- risk related to changes in market trends - One of the major risks is the possibility of changes in market trends. The demand for investment goods is influenced by many variables beyond the control of the Company. On the other hand, the revenues obtained from the conducted activity are directly affected by the demand and supply for construction services. There is a risk of deterioration of the situation on the construction market by limiting the number of investments, which may translate into the amount of margin, and thus - the Company's profitability. Moreover, the Company's revenues depend to a large extent on the activity of investors in the region. Reducing the investment level may adversely affect its financial result and development prospects. To mitigate this risk, the Company is looking for new contracts on a wider market. This is to minimize the risk of concentration of activities only on the local market. In addition, in the event of unfavorable market changes, the Management Board will implement measures to adapt it to the changing market realities, e.g. by actions aimed at reducing costs.

## **10. Important assessments and judgements**

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

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

The methodology used to determine the estimated values is based on the best knowledge of the Company's Management Board and is consistent with the



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

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

**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.

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

**Leases – The company as a lessor**

The company 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 Company retains full ownership rights, giving the right to use the real estate to tenants on the terms specified in the agreements. In addition, the Company has investment properties that are not subject to operating lease agreements, presented as "land not leased out". The company is not a lessor under finance lease agreements.

Specification of revenues from operating lease agreements:



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

<i>Data in thousands of PLN</i>	<b>2020</b>	<b>2019</b>
Operating lease income	4.452	6.042
- including floating lease payments that are not index or rate dependent	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 Company, 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>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Another years up to 2032</b>
Undiscounted lease payments to be received in the following years	4.078	4.159	4.243	4.327	4.414	4.502	28.969

### **Leases – The company as a lessee**

The company is a party to financial and operating lease agreements. The leased assets are used in the Company's operating activities. The Company 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 Company's operations.

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

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

Additional disclosures regarding leases are presented below:

<i>Data in thousands of PLN</i>	<b>2020</b>	<b>2019</b>
Machines and equipment under financial lease (net)	10.400	11.607
Means of transport under finance lease (net)	4.672	5.966
Other fixed assets under finance lease (net)	846	1.119



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

Asset use rights recognized as means of transport (net)	2,520	431
The depreciation of the right-of-use assets recognized as a means of transport during the period	214	115
Increases in rights to use assets during the period	309	0
Interest costs on lease liabilities	404	381

As at the balance sheet date, the Group has balances for short-term leasing in the amount of PLN 3.929 thousand and for long-term in the amount of PLN 3.319 thousand.

### **11. Changes in accounting policies and identified errors in previous years and their impact on the financial result and equity capital**

The accounting principles (policies) used to prepare the financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended on 31<sup>st</sup> of December 2019, except for minor changes (which have no significant effect on the reporting data) and the application of new or amended standards and interpretations applicable to annual periods beginning on or after 1<sup>st</sup> of January 2020.

In 2020, the Company decided to apply hedge accounting if it expects the future transaction to meet the high-probability criteria and the hedging relationship will be effective.

In the reporting period, no errors concerning previous years were found in the financial statements published so far that would have a significant impact on the financial result and / or equity. The 2020 financial statements are prepared with the application of new or amended standards and interpretations applicable to annual periods beginning on 1<sup>st</sup> of January 2020 and later.

### **12. The platform of used International Financial Reporting Standards**

#### **12.1. Statement of compliance**

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

#### **12.2. Amendments to standards or interpretations applicable applied for the first time**

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



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

- Amendments to the Conceptual Framework in IFRS

The Board verified the Conceptual Framework for IFRS financial reporting and prepared a new version. Updating the Conceptual Framework includes: new concepts, updating the definitions and criteria for recognizing assets and liabilities, and refines some important concepts. The changes are effective for annual periods beginning on or after 1<sup>st</sup> of January 2020.

The change did not affect the financial statements of the Group.

- Amendment to IFRS 3 Business Combinations

The amendment to IFRS 3 was published on October 22, 2018 and applies to annual periods beginning on or after January 1, 2020. The purpose of the amendment is to clarify the definition of a business and to make it easier to distinguish between acquisitions of "businesses" and groups of assets for the purpose of settlement of mergers. The new guidelines are a framework for assessing whether a acquired set of assets and activities should be treated as a business. As part of the changes, it must include inputs and processes that will jointly contribute to producing results. The definition of an undertaking (return) focuses on the goods and services provided to recipients, eliminating by definition the reference to return in the form of cost reduction. It is likely that this change will cause more acquisitions to qualify as acquisitions.

The change did not affect the financial statements of the Group.

- Amendments to IAS 1 and IAS 8: Definition of "material"

The purpose of the changes was to clarify the definition of "materiality" and to facilitate its application in practice. The change resulted in the unification of definitions in all applicable IFRS and conceptual assumptions.

Amendments to IAS 1 and IAS 8 were published on 31<sup>st</sup> of October 2018 and apply to annual periods beginning on or after 1<sup>st</sup> of January 2020.

The change did not affect the financial statements of the Group.

- Amendments to IFRS 7, IFRS 9 and IAS 39: Reform of interest rate benchmarks

The modification of the standards is aimed at securing the impact of the reference rate reform on hedge accounting and the materiality of information provided by entities in the period of uncertainty resulting from the IBOR reform. The changes are effective for annual periods beginning on 1<sup>st</sup> of January 2020.

The change did not affect the financial statements of the Group.



### 12.3. Prior application of standards and interpretations

The company did not apply any standards and interpretations prior to their entry into force.

### 12.4. Implementation of New IFRS rules

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

- New standard IFRS 17 „Insurance Contracts”

Insurance contracts will replace the current IFRS 4, which allows for a variety of practice in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting of all entities that deal with insurance contracts and investment contracts. The new standard was published on 18<sup>th</sup> of May 2017, and its amendments were published on 25<sup>th</sup> of June 2020. After the amendment, it applies to annual periods beginning on or after 1<sup>st</sup> of January 2023.

- Change to IFRS 16 Lease: Simplifications regarding changes resulting from leasing contracts in connection with COVID-19

After the change, the lessees have the right to take advantage of practical simplifications, including: deferral or exemption from leasing payments. Therefore, the Board has simplified the assessment of whether these changes constitute lease modifications. Lessees may decide not to apply the guidance in IFRS 16 for modifying leases. As a result, this will result in the recognition of lease reliefs and exemptions as variable lease payments in the period in which there is an event or condition that causes the payment to be reduced.

The change is effective from 1<sup>st</sup> of June 2020, with the option of early application. The Group has not received the allowances specified in the standard; therefore, the amendment will not affect its financial statements.

- Changes to IFRS 4 „Insurance contracts” - deferment of the application of IFRS 9” Financial Instruments”

The amendment to IFRS 4 Insurance Contracts defines the application of IFRS 9 Financial Instruments to annual periods beginning on or after 1<sup>st</sup> of January 2021.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Reform of interest rate benchmarks - stage two





**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

In connection with the planned reform of the reference interest rates, the IAS Board introduced further changes to the accounting principles for financial instruments. The amendments provide accounting solutions to recognize changes in contractual cash flows and changes in hedging relationships resulting from the use of the new reference rate at the stage of implementation of the IBOR reform and the disclosure requirements regarding the impact of the reform.

The change is effective for annual periods beginning on or after 1<sup>st</sup> of January 2021.

- Amendment to IFRS 3 "Business Combinations"

The amendment clarifies the references to the definition of liabilities included in the conceptual framework and the definition of contingent liabilities in IAS 37. Additionally, it clearly states that the acquirer does not recognize contingent assets acquired in a business combination.

The change is effective for annual periods beginning on or after 1<sup>st</sup> of January 2022.

- Amendment to IAS 16 "Property, plant and equipment"

The IAS Board changed the guidelines for the recognition of production costs and revenues as part of the tests of the fixed asset before use.

The change is effective for annual periods beginning on or after 1<sup>st</sup> of January 2022.

- Amendment to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"

The amendment to the standard provides additional clarifications regarding the structure of service costs. According to the change, these costs include marginal costs (e.g. labor costs, materials) and the allocated part of other costs directly related to the cost of filling, e.g. depreciation.

The change is effective for annual periods beginning on or after 1<sup>st</sup> of January 2022.

- Amendments to various standards resulting from the annual review of International Financial Reporting Standards (Annual Improvements 2018-2020)

IFRS 1 "First-time Adoption of International Financial Reporting Standards" - new simplification of the application of IFRS 1 on the application of cumulative exchange differences in consolidation;

IFRS 9, "Financial Instruments" - in the "10% test" of whether a modification should disqualify a liability, only fees that are exchanged between the obligor and the creditor should be included; fees incurred in the event of a liability being discharged



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

should be recognized in the result, and if the liability is not removed, they should be recognized in the value of the liability;

IFRS 16 "Leasing" from example no. 13, the fragment concerning the reimbursement from the lessor of costs for improvements in third party fixed assets being the subject of the lease agreement was deleted.

IAS 41 "Agriculture" prohibits the recognition of tax flows in the measurement of biological assets.

The change is effective for annual periods beginning on or after 1<sup>st</sup> of January 2022.

- Amendments to IAS 1: Presentation of Financial Statements

The amendment will clarify the principles of division of liabilities into short-term and long-term and applies to annual periods starting on 1<sup>st</sup> of January 2023 or later;

- • Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The work leading to the approval of these amendments has been postponed indefinitely by the EU - the effective date has been postponed by the IASB for an indefinite period;

- IFRS 14 Regulatory Deferral Accounts"

By the decision of the European Union, IFRS 14 Regulatory Deferral Accounts published on 30<sup>th</sup> of January 2014 will not be approved.



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## STATEMENT OF FINANCIAL POSITION

Item	Note	31.12.2020	31.12.2019
<b>Fixed assets</b>		<b>252 569</b>	<b>239 195</b>
Property, plant and equipment	1.	81 796	81 888
Intangible assets		216	428
Goodwill	3.	0	0
Investment properties	2.	147 155	145 346
Stocks and shares		26	10
Receivables		1 737	782
Other long-term financial assets		5 530	2 822
Long-term deferred charges		0	0
Deferred income tax assets		16 108	7 920
<b>Current assets</b>		<b>700 928</b>	<b>715 786</b>
Inventory	6.	228 781	369 681
Receivables due to contracts with clients		35 404	66 457
Trade receivables and other receivables	7.	275 628	157 345
Other short-term financial assets		0	0
Other short-term financial assets		0	0
Short-term deferred charges	9.	3 622	6 039
Cash and cash equivalents		157 493	116 264
including cash on escrow accounts		19 016	28 185
Assets classified as held for sale		0	0
<b>Assets in total</b>		<b>953 497</b>	<b>954 981</b>



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## STATEMENT OF THE FINANCIAL POSITION

Item	Note	31.12.2020	31.12.2019
<b>Equity</b>		<b>293 479</b>	<b>242 314</b>
Share capital		8 363	8 363
Equity from sales of shares over its nominal value		26 309	26 309
Other equities		228 422	188 479
Own shares (-)		0	0
Exchange differences from conversion		-3	1
Reserve capital		0	0
Retained earnings:		28 387	19 160
<b>Equity attributable to equity holders of the parent entity</b>		<b>291 478</b>	<b>242 312</b>
<b>Non-controlling shares</b>		<b>2 002</b>	<b>2</b>
<b>Long-term liabilities</b>	<b>13.</b>	<b>128 920</b>	<b>197 100</b>
Deferred income tax provision		19 726	24 985
Liabilities and provisions on employee benefits		175	124
Other long-term provisions		0	0
Long-term credits, borrowings and debt instruments		86 063	145 041
Other long-term financial liabilities		3 865	3 310
Other long-term liabilities		19 092	23 640
<b>Short-term liabilities</b>	<b>13.2.</b>	<b>531 097</b>	<b>515 567</b>
Liabilities and provisions on employee benefits		21	6
Other short-term provisions		64 247	19 866
Short-term credits, borrowings and debt instruments		161 844	142 445
Other short-term financial liabilities		11 919	7 287
Liabilities due to contracts with clients		0	0
Trade liabilities and other liabilities		287 361	339 747
including income tax liability		7 566	1 464
Receivables from future terms		5 706	6 216
<b>Liabilities related to assets held for sale</b>		<b>0</b>	<b>0</b>
<b>Liabilities in total</b>		<b>953 497</b>	<b>954 981</b>



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## STATEMENT OF COMPREHENSIVE INCOME

### CALCULATION VARIANT

Item	Note	01.01.-31.12.2020	01.01.-31.12.2019
Revenue from sales	16.1	1 054 978	772 119
Costs of goods sold	16.3.	917 617	688 799
<b>Gross profit (loss) from sales</b>		<b>137 361</b>	<b>83 321</b>
Selling costs	16.2.	34 930	22 757
General administrative expenses	16.2.	21 088	17 228
Other operating income	16.4.	20 393	37 749
Other operating expenses	16.5.	20 692	10 125
<b>Operating profit (loss)</b>		<b>81 044</b>	<b>70 960</b>
Financial revenues	17.1.	1 825	157
Measurement of financial instruments at fair value		0	0
Financial cost	17.2.	15 796	8 388
Measurement of financial instruments at fair value		3 541	0
Share in the profit (loss) of entities accounted for using the equity method		0	0
<b>Profit (loss) before tax</b>		<b>67 073</b>	<b>62 729</b>
Income tax		14 302	11 941
<b>Profit (loss) from continuing operations</b>		<b>52 771</b>	<b>50 788</b>
Net profit (loss)		52 771	50 788
Other net comprehensive income		0	0
Comprehensive income attributable to non-controlling shareholders		0	0
<b>Comprehensive income attributable to equity holders of the parent entity</b>		<b>52 771</b>	<b>50 788</b>



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## CASH FLOW STATEMENT

(Intermediate method)

Item	01.01.-31.12.2020	01.01.-31.12.2019
<b>Profit (loss) before tax</b>	<b>67 073</b>	<b>62 729</b>
<b>Adjustments:</b>	<b>21 246</b>	<b>15 215</b>
Depreciation	10 967	10 219
Change of fair value of investment properties	-1 797	0
Change of fair value of financial assets (liabilities) valued by result	0	0
Write-offs of financial assets	0	0
Profit (loss) from sales of non-financial tangible assets	-1 079	-714
Profit (loss) from sales of financial assets (other than derivatives)	4	0
Profits (losses) from foreign exchange differences	3 240	-75
Interests and shares in profits	9 911	5 784
Other adjustments	0	0
<b>Change in working capital</b>	<b>34 763</b>	<b>13 079</b>
Change in inventories	140 900	-20 280
Change in receivables	-88 185	59 545
Change in liabilities	-46 297	-33 673
Change in provisions and accruals	28 337	7 486
Other adjustments	8	0
Income tax on profit before tax	14 302	-10 455
Income tax paid	-10 638	2 259
<b>Net cash from operating activities</b>	<b>126 747</b>	<b>82 825</b>
Expenses related to acquisition of intangible assets	-145	-403
Inflows from sales of intangible assets	0	0
Expenses related to acquisition of property, plant and equipment	-6 143	-7 707
Inflows from sales of property, plant and equipment	106	316
Expenses related to acquisition of investment properties	0	-7 400
Inflows from sales of investment properties	0	-2 800
Net expenses for the acquisition of subsidiaries	0	-10
Repayments received from loans granted	0	0
Loans granted	-2 747	0
Expenses related to acquisition of other financial assets	-24	-322
Inflows from the sales of other financial assets	55	0



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

Interests received	53	51
<b>Net cash from investment activities</b>	<b>-8 845</b>	<b>-18 275</b>
Net inflows from issue of shares	0	0
Acquisition of own shares	0	0
Inflows from issue of debt securities	61 000	29 550
Redemption of debt securities	-47 823	-24 587
Inflows from loans and borrowings taken out	108 350	138 831
Repayment of loans and borrowings	-160 588	-132 354
Repayment of liabilities under finance lease	-8 053	-9 091
Interest paid	-20 680	-16 583
Dividends paid	0	0
Inflows from received grants	0	0
Other inflows (expenses) from financial activities	-8 879	0
<b>Net cash from financial activities</b>	<b>-76 673</b>	<b>-14 234</b>
Net change in cash and cash equivalents, net of foreign exchange differences	41 230	50 316
Change in cash and cash equivalents due to exchange rate differences	0	0
Change in net cash and cash equivalents	41 230	50 316
<b>Cash and cash equivalents at the beginning of the period</b>	<b>116 264</b>	<b>65 947</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>157 493</b>	<b>116 264</b>
Including cash of limited disposal right	19 016	28 237



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## STATEMENT OF CHANGES IN EQUITY IN REPORTING PERIOD

Item	Share capital	Own shares (-)	Capital from the sale of shares above their nominal value	Reserve capital from retained earnings	Other capitals	Unallocated retained earnings	The capital of non-controlling shareholders	Exchange differences on the conversion of subordinated entities	Total
<b>Balance at the beginning of the period</b>	<b>8 363</b>	<b>0</b>	<b>26 309</b>	<b>188 479</b>	<b>0</b>	<b>19 160</b>	<b>2</b>	<b>1</b>	<b>242 314</b>
Error corrections of previous years	0	0	0	0	0	17	0	0	17
Balance at the beginning of the period after the changes	8 363	0	26 309	188 479	0	19 177	2	1	242 331
Issue of shares	0	0	0	0	0	0	2 000	0	2 000
Dividends	0	0	0	0	0	0	0	0	0
Transfer of financial result to capital	0	0	0	43 561	0	-43 561	0	0	0
<b>Refund of cash contributions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>-1</b>
<b>Revaluation reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>43 561</b>	<b>0</b>	<b>-43 561</b>	<b>2 000</b>	<b>0</b>	<b>2 000</b>
Net profit (loss)	0	0	0	0	0	52 771	0	0	52 771
Other total net income	0	0	0	0	-3 618	0	0	-3	-3 622
<b>Total income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-3 618</b>	<b>52 771</b>	<b>0</b>	<b>-3</b>	<b>49 149</b>
<b>Balance at the end of the period</b>	<b>8 363</b>	<b>0</b>	<b>26 309</b>	<b>232 040</b>	<b>-3 618</b>	<b>28 387</b>	<b>2 002</b>	<b>-3</b>	<b>293 479</b>





Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## STATEMENT OF CHANGES IN EQUITY IN PREVIOUS REPORTING PERIOD

Item	Share capital	Own shares (-)	Capital from the sale of shares above their nominal value	Reserve capital from retained earnings	Other capitals	Unallocated retained earnings	The capital of non-controlling shareholders	Exchange differences on the conversion of subordinated entities	Total
<b>Balance at the beginning of the period</b>	<b>8 363</b>	<b>0</b>	<b>26 309</b>	<b>154 590</b>	<b>0</b>	<b>2 263</b>	<b>1</b>	<b>0</b>	<b>191 525</b>
Error corrections of previous years	0	0	0	0	0	-1	0	0	-1
Balance at the beginning of the period after the changes	8 363	0	26 309	154 590	0	2 262	1	0	191 525
Issue of shares	0	0	0	0	0	0	1	0	1
Dividends	0	0	0	0	0	0	0	0	0
Transfer of financial result to capital	0	0	0	33 889	0	-33 889	0	0	0
<b>Refund of cash contributions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Revaluation reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33 889</b>	<b>0</b>	<b>-33 889</b>	<b>1</b>	<b>0</b>	<b>1</b>
Net profit (loss)	0	0	0	0	0	50 788	0	0	50 788
Other total net income	0	0	0	0	0	0	0	1	1
<b>Total income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50 788</b>	<b>0</b>	<b>1</b>	<b>50 788</b>
<b>Balance at the end of the period</b>	<b>8 363</b>	<b>0</b>	<b>26 309</b>	<b>188 479</b>	<b>0</b>	<b>19 160</b>	<b>2</b>	<b>1</b>	<b>242 314</b>



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## ADDITIONAL EXPLANATORY NOTES

### 1.PROPERTY, PLANT AND EQUIPMENT

#### 1.1. PROPERTY, PLAN AND EQUIPMENT

Item	31.12.2020	31.12.2019
Land	6 211	7 898
Buildings and structures	33 609	28 858
Machines and technical devices	23 873	24 501
Vehicles	9 924	7 020
Other fixed assets	2 005	1 834
Fixed assets under construction	6 011	9 028
Advances in respect of tangible fixed assets	163	2 748
<b>Net value of property, plant and equipment</b>	<b>81 796</b>	<b>81 888</b>

#### 1.2. PROPERTY, PLANT AND EQUIPMENT IN THE REPORTING PERIOD

Item	Land	Buildings and structures	Machines and technical	Vehicles	Other fixed assets	Fixed assets under	Advances for fixed assets	Total
------	------	--------------------------	------------------------	----------	--------------------	--------------------	---------------------------	-------



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

	devices				construction			
<b>Gross carrying amount at the beginning of the period</b>	<b>8 953</b>	<b>32 998</b>	<b>43 005</b>	<b>13 567</b>	<b>3 690</b>	<b>9 028</b>	<b>2 748</b>	<b>113 988</b>
Direct acquisitions	0	35	3 516	5 588	282	3 087	111	12 619
Adoption of fixed assets under construction	0	0	0	0	248	-248	0	-16 481
Increases due to business combinations	0	0	0	0	0	0	0	0
Reclassifications	-1 572	1 800	-9 916	-269	-786	-5 856	-2 696	-2 814
Decreases due to sales	0	0	-107	-149	-7	0	0	-263
Decreases due to liquidation	0	0	-71	0	-34	0	0	-105
<b>Gross carrying amount at the end of the period</b>	<b>7 381</b>	<b>34 833</b>	<b>36 427</b>	<b>18 737</b>	<b>3 392</b>	<b>6 011</b>	<b>163</b>	<b>106 943</b>
<b>Accumulated amortization at the beginning of period</b>	<b>-1 054</b>	<b>-4 140</b>	<b>-18 504</b>	<b>-6 547</b>	<b>-1 856</b>	<b>0</b>	<b>0</b>	<b>-32 101</b>
Increase in depreciation for the period	-115	-1 214	-5 182	-3 007	-623	0	0	-10 141
Reclassifications	0	4 130	10 972	591	1 050	0	0	16 743
Decreases due to liquidation	0	0	102	149	7	0	0	259
Decreases due to sales	0	0	59	0	34	0	0	93
<b>Accumulated amortization at the end of period</b>	<b>-1 169</b>	<b>-1 224</b>	<b>-12 553</b>	<b>-8 813</b>	<b>-1 388</b>	<b>0</b>	<b>0</b>	<b>-25 147</b>
<b>Impairment allowances at the beginning of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Additions during the period	0	0	0	0	0	0	0	0
<b>Impairment allowances at the end of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net value at end of period</b>	<b>6 211</b>	<b>33 609</b>	<b>23 873</b>	<b>9 924</b>	<b>2 005</b>	<b>6 011</b>	<b>163</b>	<b>81 796</b>

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

Item	Land	Buildings and structures	Machines and technical	Vehicles	Other fixed assets	Fixed assets under	Advances for fixed assets	Total
------	------	--------------------------	------------------------	----------	--------------------	--------------------	---------------------------	-------



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

	devices				construction			
<b>Gross carrying amount at the beginning of the period</b>	<b>8 953</b>	<b>31 229</b>	<b>40 888</b>	<b>12 113</b>	<b>2 788</b>	<b>8 026</b>	<b>23</b>	<b>103 619</b>
Direct acquisitions	0	28	2 817	1 846	826	3 635	2 725	11 877
Adoption of fixed assets under construction	0	2 330	117	0	147	-2 594	0	0
Increases due to business combinations	0	0	0	0	0	0	0	0
Reclassifications	0	-31	42	0	9	-39	0	-19
Decreases due to sales	0	0	-220	-364	-21	0	0	-605
Decreases due to liquidation	0	-558	-239	-28	-59	0	0	-884
<b>Gross carrying amount at the end of the period</b>	<b>8 953</b>	<b>32 998</b>	<b>43 005</b>	<b>13 567</b>	<b>3 690</b>	<b>9 028</b>	<b>2 748</b>	<b>113 988</b>
<b>Accumulated amortization at the beginning of period</b>	<b>-897</b>	<b>-3 582</b>	<b>-13 399</b>	<b>-4 378</b>	<b>-1 405</b>	<b>0</b>	<b>0</b>	<b>-23 631</b>
Increase in depreciation for the period	-157	-597	-5 470	-2 545	-518	0	0	-9 289
Reclassifications	0	30	0	0	0	0	0	0
Decreases due to liquidation	0	0	162	348	15	0	0	526
Decreases due to sales	0	9	203	28	52	0	0	292
<b>Accumulated amortization at the end of period</b>	<b>-1 054</b>	<b>-4 140</b>	<b>-18 504</b>	<b>-6 547</b>	<b>-1 856</b>	<b>0</b>	<b>0</b>	<b>-32 101</b>
<b>Impairment allowances at the beginning of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Additions during the period	0	0	0	0	0	0	0	0
<b>Impairment allowances at the end of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net value at end of period</b>	<b>7 898</b>	<b>28 858</b>	<b>24 501</b>	<b>7 020</b>	<b>1 834</b>	<b>9 028</b>	<b>2 748</b>	<b>81 888</b>



## 2. INVESTMENT PROPERTIES

### 2.1. INVESTMENT PROPERTIES

Item	31.12.2020	31.12.2019
Land not leased	41 755	29 634
Real estate leased	105 400	115 712
Advances for investment properties	0	0
<b>Net carrying amount</b>	<b>147 155</b>	<b>145 346</b>

The real estate for rent consists of the real estate of the Almond hotel, located at Toruńska 12 street, measured at fair value by an independent appraiser. The valuer used the income approach, the profit method, the technique of discounting income streams. The hotel is subject to lease under an agreement concluded between Almond Sp. z o.o., the owner of the facility, and City Hotel Management Sp. z o.o. from 30<sup>th</sup> of June 2016 to 31<sup>st</sup> of December 2032.

The value of the real estate located in Wrocław at Braniborska street was determined on the basis of an appraisal by an independent expert. For the purposes of the valuation, the comparative method was selected.

Property located in Gdańsk at Sobieszewska street with an area of 5,1666 hectare, the land and mortgage register KW GD1G / 00106869/5 changed its purpose from real estate related to development activities to investment real estate. The reason for this is that at present the future use of the land in question is undefined. On 13<sup>th</sup> of April 2021, the real estate was transferred in kind from Dekpol Deweloper Sp. z o.o. to Dekpol Inwestycje Sp. z o.o. Grano Resort Sp. k. The property remains investment property. The value of the property was determined on the basis of an appraisal by an independent appraiser. For the purposes of the valuation, the comparative method was selected.

Undeveloped land property located in Gdańsk, Nadwiślańska street No. 50, Sobieszewo precinct with an area of 0.3797-hectare, land and mortgage register KW GD1G / 00102087/1 remains an investment property. On 8<sup>th</sup> of April 2021, the property was transferred in-kind from Dekpol Deweloper Sp. z o.o. to Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp. k. and has not changed its destination. The value of the property was determined on the basis of an appraisal by an independent appraiser using a comparative approach.

The Sol Marina property with an area of 2.95-hectare, land and mortgage register KW GD1G / 00096301/2 remains an investment property. The value of the property



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

was determined on the basis of an appraisal by an independent appraiser. For the purposes of the valuation, the comparative method was selected.

## 2.2. INVESTMENT PROPERTIES IN REPORTING PERIOD

Item	Land not leased	Investment properties leased	Advances for investment properties	Total
Investment properties at the beginning of the period	29 634	115 712	0	145 346
Increases due to item combinations	0	0	0	0
Property purchase	0	0	0	0
Other changes (reclassifications, transfers, etc.) (+/-)	9 709	-9 709	0	0
Revaluation to fair value (+/-)	2 412	-603	0	1 809
<b>Investment properties at the end of the period</b>	<b>41 755</b>	<b>105 400</b>	<b>0</b>	<b>147 155</b>

## 2.3. INVESTMENT PROPERTIES IN PREVIOUS REPORTING PERIOD

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

# 3. GOODWILL AND OTHER INTANGIBLE ASSETS

## 3.1. INTANGIBLE ASSETS

Item	31.12.2020	31.12.2019
Goodwill	0	0
Patents and licenses	216	425
Development costs	0	0



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

Other intangible assets	0	3
<b>Intangible assets net</b>	<b>216</b>	<b>428</b>

### 3.2. INTANGIBLE ASSETS IN REPORTING PERIOD

Item	Goodwill	Patents and licenses	Development costs	Other intangible assets	Total
<b>Gross carrying amount at beginning of period</b>	<b>1 141</b>	<b>1 585</b>	<b>224</b>	<b>5</b>	<b>2 955</b>
Acquisition	0	145	0	0	145
Decreases due to liquidation	0	0	0	0	0
<b>Gross carrying amount at end of period</b>	<b>1 141</b>	<b>1 730</b>	<b>224</b>	<b>3</b>	<b>3 100</b>
<b>Accumulated amortization at beginning of period</b>	<b>-1 141</b>	<b>-1 159</b>	<b>-224</b>	<b>-3</b>	<b>-2 527</b>
Increase in depreciation for the period	0	-355	0	-2	-357
Decreases due to liquidation	0	0	0	0	0
<b>Accumulated amortization at end of period</b>	<b>-1 141</b>	<b>-1 514</b>	<b>-224</b>	<b>-5</b>	<b>-2 884</b>
<b>Impairment allowances at the beginning of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Impairment allowances at the end of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net value at the end of period</b>	<b>0</b>	<b>216</b>	<b>0</b>	<b>0</b>	<b>216</b>

### 3.3. INTANGIBLE ASSETS IN PREVIOUS REPORTING PERIOD

Item	Goodwill	Patents and licenses	Development costs	Other intangible assets	Total
<b>Gross carrying amount at beginning of period</b>	<b>1 141</b>	<b>1 470</b>	<b>224</b>	<b>0</b>	<b>2 834</b>
Acquisition	0	403	0	5	408
Decreases due to liquidation	0	-288	0	0	-288
<b>Gross carrying amount at end of period</b>	<b>1 141</b>	<b>1 585</b>	<b>224</b>	<b>5</b>	<b>2 955</b>
<b>Accumulated amortization at beginning of period</b>	<b>-1 141</b>	<b>-1 162</b>	<b>-224</b>	<b>0</b>	<b>-2 527</b>
Increase in depreciation for the period	0	-225	0	-2	-227
Decreases due to liquidation	0	228	0	0	228
<b>Accumulated amortization at end of period</b>	<b>-1 141</b>	<b>-1 159</b>	<b>-224</b>	<b>-3</b>	<b>-2 527</b>
<b>Impairment allowances at the beginning of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Impairment allowances at the end</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

of the period

Net value at the end of period	0	425	0	3	428
--------------------------------	---	-----	---	---	-----

## 4. STOCKS AND SHARES

There are shares in associated companies with a total value of PLN 26.450.

Dekpol SA holds shares in Dekpol SPV1 sp. z o.o. with a value of PLN 2.450 and Dekpol Deweloper sp. z o.o. holds shares in Mineral Group sp. z o.o. worth PLN 24.000.

## 5. OTHER FINANCIAL ASSETS

### 5.1. OTHER FINANCIAL ASSETS

Item	31.12.2020	31.12.2019
Derivatives	0	0
Other long-term financial assets	2 783	2 822
Long-term granted loans	2 747	0
<b>Other long-term financial assets</b>	<b>5 530</b>	<b>2 822</b>
Short-term loans	0	0
Units in Open Investment Funds	0	0
<b>Other short-term financial assets</b>	<b>0</b>	<b>0</b>
<b>Other short-term financial assets</b>	<b>0</b>	<b>0</b>

## 6. INVENTORIES

### 6.1. STRUCTURE OF INVENTORIES

Item	31.12.2020	31.12.2019
Materials balance values	13 768	25 675
Goods balance values	859	843
Finished products balance values	3 071	2 751
Semi-finished products and work in progress balance value	3 594	16 085
Premises under construction balance value	168 407	262 582
Finished premises balance value	39 081	61 745
<b>Inventories</b>	<b>228 781</b>	<b>369 681</b>





Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## 6.2. INVENTORY WRITE-OFFS

Item	31.12.2020	31.12.2019
Inventory write-offs at the beginning of period	961	961
Inventory write-offs created in period	1 119	0
Inventory write-offs reversal in period (-)	197	0
Inventory write-offs other changes	-961	0
<b>Inventory write-offs at the end of period</b>	<b>922</b>	<b>961</b>

## 7. LONG-TERM RECEIVABLES

### 7.1. LONG-TERM RECEIVABLES

Item	31.12.2020	31.12.2019
Deposits from construction services	1 605	2 763
Deposits from other titles	132	18
Other receivables	3 793	0
Receivable's write-offs (-)	0	0
<b>Long-term receivables</b>	<b>5 530</b>	<b>2 782</b>

### 7.2. LONG-TERM RECEIVABLES WRITE-OFFS

Item	31.12.2020	31.12.2019
Status at the beginning of period	0	0
Write-offs as cost in period	0	0
Write-offs used (-)	0	0
Write-off terminated addend as income in period (-)	0	0
Other changes (net FX differences from settlement)	0	0
<b>Status at the end of period</b>	<b>0</b>	<b>0</b>

### 7.3. SHORT-TERM RECEIVABLES

Item	31.12.2020	31.12.2019
Receivables due to contracts with clients net	205 109	92 653
Current income tax receivables	37	5
Receivables due to other taxes, duties and social security	13 004	16 407
Deposits from construction services balance value	37 528	35 565
Deposits from other titles	153	3
Prepay and advance payment balance value	16 141	12 638
Other receivables balance value	3 656	74



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

Receivables from dividend - short-term	0	0
<b>Trade receivables and other receivables</b>	<b>275 628</b>	<b>157 345</b>

#### 7.4. SHORT-TERM RECEIVABLES WRITE-OFFS

Item	31.12.2020	31.12.2019
Status at the beginning of period	7 934	10 355
Write-offs terminated added as income in period (-)	-150	-709
Write-offs used (-)	-19	-3 706
Write-offs as cost in period	1 802	1 994
Other changes (net FX differences from settlement)	0	0
<b>Status at the end of period</b>	<b>9 567</b>	<b>7 934</b>



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## 7.5. STRUCTURE OF PAYABLES BY PAYMENT TERMS IN REPORTING PERIOD

Item	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 2 years	From 2 to 5 years	Over 5 years	Total
<b>Long-term receivables</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 610</b>	<b>13</b>	<b>114</b>	<b>1 737</b>
Trade receivables	43 815	103 972	57 073	102	69	78	0	0	205 109
Prepayments and payables	0	16 141	0	0	0	0	0	0	16 141
Deposits from construction services	23 259	12 226	1 709	72	262	0	0	0	37 528
Deposits from other titles	47	0	2	103	2	0	0	0	153
Receivables due to taxes	0	37	0	0	0	0	0	0	37
Receivables due to other taxes	0	13 004	0	0	0	0	0	0	13 004
Other receivables	0	1 367	2 289	0	0	0	0	0	3 656
<b>Receivables in total</b>	<b>67 121</b>	<b>146 747</b>	<b>61 073</b>	<b>277</b>	<b>333</b>	<b>1 688</b>	<b>13</b>	<b>114</b>	<b>277 365</b>

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

Item	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 2 years	From 2 to 5 years	Over 5 years	Total
<b>Long-term receivables</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2 274</b>	<b>503</b>	<b>5</b>	<b>2 782</b>
Trade receivables	38 218	21 314	19 781	2 484	9 496	1 291	0	0	92 583
Prepayments and payables	0	12 638	0	0	0	0	0	0	12 638
Deposits from construction services	10 961	2 170	4	3	22 428	0	0	0	35 565
Deposits from other titles	0	0	0	3	0	0	0	0	3
Receivables due to taxes	0	5	0	0	0	0	0	0	5
Receivables due to other taxes	0	16 368	39	0	0	0	0	0	16 407
Other receivables	<b>0</b>	<b>74</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>74</b>
<b>Receivables in total</b>	<b>49 178</b>	<b>52 569</b>	<b>19 824</b>	<b>2 490</b>	<b>31 923</b>	<b>3 565</b>	<b>503</b>	<b>5</b>	<b>160 057</b>



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## 7.7. STRUCTURE OF OVERDUE RECEIVABLES IN REPORTING PERIOD

Item	Non-overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 year	Total
Trade receivables	161 293	11 173	8 230	7 442	10 011	6 960	205 109
Prepayments and payables	16 141	0	0	0	0	0	16 141
Deposits from construction services	14 269	3 468	13	14 031	2 444	3 304	37 528
Deposits from other titles	107	0	44	0	3	0	153
Receivables due to taxes	37	0	0	0	0	0	37
Receivables due to other taxes	13 004	0	0	0	0	0	13 004
Other receivables	3 656	0	0	0	0	0	3 656
<b>Overdue receivables</b>	<b>208 507</b>	<b>14 640</b>	<b>8 287</b>	<b>21 472</b>	<b>12 458</b>	<b>10 264</b>	<b>275 628</b>

## 7.8. STRUCTURE OF OVERDUE RECEIVABLES IN PREVIOUS REPORTING PERIOD

Item	Non-overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 year	Total
Trade receivables	54 365	11 016	9 955	3 742	12 152	1 353	92 583
Prepayments and payables	12 638	0	0	0	0	0	12 638
Deposits from construction services	24 604	2 741	453	6 564	1 203	0	35 565
Deposits from other titles	3	0	0	0	0	0	3
Receivables due to taxes	5	0	0	0	0	0	5
Receivables due to other taxes	16 407	0	0	0	0	0	16 407
Other receivables	74	0	0	0	0	0	74
<b>Overdue receivables</b>	<b>108 097</b>	<b>13 757</b>	<b>10 408</b>	<b>10 306</b>	<b>13 355</b>	<b>1 353</b>	<b>157 275</b>



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## 8. CASH

### 8.1. CASH SPECIFICS

Item	31.12.2020	31.12.2019
Bank accounts	120 276	59 244
Cash of limited disposal rights	19 016	28 185
Cash in deposit	173	659
Short-term deposits	37 014	56 355
Other cash and cash equivalent	30	6
<b>Cash and cash equivalents</b>	<b>157 493</b>	<b>116 264</b>

Cash of limited disposal rights includes cash accumulated as at the balance sheet date in escrow accounts. Releasing funds from escrow accounts by the banks supervising them is closely related to the schedules of implementation of property development investments.

## 9. DEFERRED CHARGES

### 9.1. ACTIVE DEFERRED CHARGES

Item	31.12.2020	31.12.2019
Insurance	693	426
Guarantees	413	267
Provisions from sale of premises	192	907
Other	2 324	4 439
<b>Deferred charges in total</b>	<b>3 622</b>	<b>6 039</b>

## 10. EQUITIES

### 10.1. SHARE CAPITAL

Item	31.12.2020	31.12.2019
Number of shares	8 636	8 363
Nominal value of the share (PLN)	0	0
<b>Share capital</b>	<b>8 363</b>	<b>8 363</b>

Equity	The number of	The number of	The number of	The number of
--------	---------------	---------------	---------------	---------------



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

	shares issued as of 31.12.2020	shares issued as of 31.12.2019	shares authorized for issue as of 31.12.2020	shares authorized for issue as of 31.12.2019
Series A	6 410 000	6 410 000	0	0
Series B	1 952 549	1 952 549	0	0
<b>Total:</b>	<b>8 326 549</b>	<b>8 326 549</b>	<b>0</b>	<b>0</b>

## 10.2. CHANGES IN NUMBER OF SHARES

Major shareholders	Number of shares/number of votes	Share in the share capital / total number of votes
Mariusz Tuchlin	6 466 845	77,33%
Familiar S.A. SICAV-SIF*	679 583	8,13%
Other shareholders	1 216 121	14,54%
<b>Total:</b>	<b>8 362 549</b>	<b>100%</b>

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

# 11. PROVISIONS

## 11.1. PROVISION SPECIFICS

Item	31.12.2020	31.12.2019
Provisions for unused holidays	2 271	1 274
Provisions for court litigations	906	4 176
Provisions for losses on construction contracts	0	0
Provisions for guarantee repairs	5 058	5 004
Provision for contract costs	52 433	9 344
Other provisions	3 579	69
Other short-term provisions	64 247	19 866
Provisions for retirement benefits - short-term	21	6
Provisions for employee benefits - short-term	21	6
Provisions for retirement benefits - long-term	175	124
Provisions for employee benefits - long-term	175	124
Other long-term provisions	0	0
<b>Provisions</b>	<b>64 442</b>	<b>19 997</b>



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## 11.2. CHANGES IN PROVISIONS IN REPORTING PERIOD

Item	For retirement benefits	For unused holidays	For court litigations	For guarantee repairs	For losses from contracts	Other	Total
Status at the beginning of period	130	1 274	4 176	5 004	9 344	69	19 997
Increase of provisions accounted as cost in period	117	998	899	54	43 089	3 576	48 733
Utilization of provisions accounted as revenue in period (-)	-51	0	-4 169	0	0	0	-4 220
Utilization of provisions (-)	0	0	0	0	0	-66	-66
Increase by merger of entities	0	0	0	0	0	0	0
Reclassifications and other changes	0	0	0	0	0	0	0
<b>Status as of the end of period</b>	<b>196</b>	<b>2 271</b>	<b>906</b>	<b>5 058</b>	<b>52 433</b>	<b>3 579</b>	<b>64 442</b>

## 11.3. CHANGES IN PROVISIONS IN PREVIOUS REPORTING PERIOD

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



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## 12. FINANCIAL LIABILITIES

### 12.1. SPECIFICATION OF FINANCIAL LIABILITIES

Item	31.12.2020	31.12.2019
Other short-term financial liabilities	3 865	3 310
Loans, borrowings and short-term debt-instruments	86 063	145 041
<b>Short-term financial liabilities</b>	<b>89 928</b>	<b>148 351</b>
Other long-term financial liabilities	11 919	7 287
Loans, borrowings and long-term debt-instruments	161 844	142 445
<b>Long-term financial liabilities</b>	<b>173 763</b>	<b>149 732</b>
<b>Financial liabilities in total</b>	<b>263 692</b>	<b>298 083</b>

### 12.2. LOANS AND BORROWINGS (IN THOUSANDS OF PLN):

Liabilities of Dekpol S.A.:

Loans and borrowings as of 31.12.2020	Loan value*	Balance	Currency	Interest rate	Date of repayment
<b>Long-term</b>					
PKO BP investment loan 54 1020 1462 0000 7396 0134 7483	5 423	5 423	PLN	WIBOR 1M + margin	16.07.2026
<b>Long-term loans and borrowings in total</b>	<b>5 423</b>	<b>5 423</b>	<b>PLN</b>	<b>-</b>	<b>-</b>
<b>Short-term</b>					
ING - ALEO discount agreement no. 891/2017/00000901/00	2 500	0	PLN	WIBOR 1M + margin	31.12.2020
mBank revolving loan, agreement 10/034/19/Z/LF	25 000	0	PLN	WIBOR 1M + margin	30.06.2021
mBank overdraft facility, agreement 10/033/19/Z/VV	10 000	9 662	PLN	WIBOR ON + margin	30.06.2021
Santander overdraft facility, agreement no. K01263/17	6 000	2 805	PLN	WIBOR 1M + margin	22.12.2021
Santander revolving loan, agreement no. K03957/19	1 100	0	EUR	EURIBOR 1M + margin	31.01.2021
BS Wschowa revolving loan 164/IWS/2018	10 146	4 796	PLN	WIBOR 1M + margin	19.08.2021
Alior Bank overdraft facility, agreement U0003447412540	10 000	10 000	PLN	WIBOR 1M + margin	16.07.2021
SGB-Bank S.A. revolving loan, agreement no.	30 000	6 034	PLN	WIBOR 3M + margin	14.07.2022





**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

REW/2200155/2020/2					
SGB-Bank S.A. overdraft facility, agreement no. KRB/2200155/2020/1	15 000	0	PLN	WIBOR 3M + margin	14.07.2022
PKO BP overdraft facility, agreement LKW 38 1020 1462 0000 7102 0368 2028	3 000	2 962	PLN	WIBOR 1M + margin	15.07.2022
PKO BP revolving loan, agreement LKW 38 1020 1462 0000 7102 0368 2028	22 000	12 338	PLN	WIBOR 1M + margin	15.07.2022
PKO BP investment loan 54 1020 1462 0000 7396 0134 7483	1 577	1 183	PLN	WIBOR 1M + margin	16.07.2026
Santander Factoring sp. z o.o. factoring agreement no. 4004/6537/2020	2 200	0	EUR	EURIBOR 1M + margin	28.02.2021
BPS Faktor S.A. factoring agreement no. 377/377/2020	15 000	0	PLN	WIBOR 1M + margin	30.06.2021
pozostate		2	PLN		
<b>Short-term loans and borrowings in total</b>	<b>3 300</b>	<b>0</b>	<b>EUR</b>	-	-
	<b>155 646</b>	<b>49 782</b>	<b>PLN</b>	-	-

\* Nominal value

Loans and borrowings as of 31.12.2020		Collateral
PKO BP investment loan 54 1020 1462 0000 7396 0134 7483		joint mortgage up to the amount of PLN 55 500 000,00 on real estate located in Toruń, KW No. TO1T / 00042725/4 and TO1T / 00050261/2, bill of exchange
ING - ALEO discount agreement no. 891/2017/00000901/00		bill of exchange
mBank revolving loan, agreement 10/034/19/Z/LF		mortgage up to the amount of PLN 52 500 000,00 on real estate located in Gdańsk, belonging to Dekpol Deweloper sp. z o.o., KW nr GD1G/00106869/5
mBank overdraft facility, agreement 10/033/19/Z/VV		mortgage up to the amount of PLN 52 500 000,00 on real estate located in Gdańsk, belonging to Dekpol Deweloper sp. z o.o., KW nr GD1G/00106869/5
Santander overdraft facility, agreement No. K01263/17		assignment of receivables from GC contracts
Santander revolving loan, agreement no. K03957/19		assignment of receivables from GC contracts
BS Wschowa revolving loan 164/IWS/2018		joint mortgage up to the amount of PLN 13 000 000,00 on real estate located in Rokitki, KW no. GD1T/00049849/3, GD1T/00050468/8 and on real estate located in Pinczyn, KW no. GD1A/00071239/9, bill of exchange
Alior Bank overdraft facility, agreement U0003447412540		joint mortgage (jointly with the loan agreement for Dekpol Steel sp.z o.o. No. U0003444593097) up to the amount of PLN 45 000 000,00 on real estate located in Pinczyn, owned by Dekpol Steel sp. z o.o. KW No. GD1A / 00038351/7, GD1A / 00064240/7, GD1A / 00061912/8, bill of exchange, PLG-FGP BGK guarantee for the amount of PLN 8 000 000,00
SGB-Bank S.A. revolving loan, agreement no. REW/2200155/2020/2		assignment of receivables from GC contracts, promissory note, PLG-FGP BGK guarantee for the amount of PLN 24 000 000,00,



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

	accession to the debt of Dekpol Budownictwo Sp. z o.o.*
SGB-Bank S.A. overdraft facility, agreement no. KRB/2200155/2020/1	mortgage up to the amount of PLN 22 500 000,00 on the right of perpetual usufruct and separate ownership of the building located in Gdańsk, at Toruńska street, owned by Almond sp. z o.o., KW No. GD1G / 00047844/2, bill of exchange, PLG-FGP BGK guarantee for PLN 12 000 000,00, accession to the debt of Dekpol Budownictwo Sp. z o.o *
PKO BP overdraft facility, agreement LKW 38 1020 1462 0000 7102 0368 2028	joint mortgage up to the amount of PLN 55 500 000,00 on real estate located in Toruń, KW No. TO1T / 00042725/4 and TO1T / 00050261/2, assignment of receivables from GC contracts, bill of exchange, PLG-FGP BGK guarantee for the amount of 19 800 000,00 PLN
PKO BP revolving loan, agreement LKW 38 1020 1462 0000 7102 0368 2028	joint mortgage up to the amount of PLN 55 500 000,00 on real estate located in Toruń, KW No. TO1T / 00042725/4 and TO1T / 00050261/2, assignment of receivables from GC contracts, bill of exchange, PLG-FGP BGK guarantee for the amount of 19 800 000,00 PLN
Santander Factoring sp. z o.o. factoring agreement no. 4004/6537/2020	bill of exchange, assignment of receivables from contracts reported to the factor
BPS Faktor S.A. factoring agreement no. 377/377/2020	bill of exchange, assignment of receivables from contracts reported to the factor *

\* Sureties related to the planned separation of the general contracting segment to Dekpol Budownictwo sp. z o. o.

Loans and borrowings as of 31.12.2019	Loan value	Balance	Currency	Interest rate	Date of repayment
<b>Long-term</b>					
loan BOŚ Bank agreement no. S/91/01/2019/1098/K/KI	8 000	7 385	PLN	WIBOR 3M + margin	31.12.2028
loan Bank Spółdzielczy Skórcz/Malbork/Puck agreement no..Z/82/O/19	9 000	4 002	PLN	WIBOR 3M + margin	31.03.2021
<b>Long-term loans and borrowings in total</b>		<b>11 387</b>	<b>PLN</b>	<b>-</b>	<b>-</b>
<b>Short-term</b>					
loan mBank agreement no.10/033/19/Z/VV	10 000	9 426	PLN	WIBOR O/N + margin	28.05.2020
loan mBank agreement no.10/034/19/Z/LF	15 000	6 026	PLN	WIBOR 1M + margin	28.05.2020
loan ING Bank Śląski agreement no. 891/2017/00000901/00	5 000	2 123	PLN	WIBOR 1M + margin	15.07.2020
loan Santander agreement no.K01263/17	6 000	5 295	PLN	WIBOR 1M + margin	22.12.2020
loan BGŻ BNP PARIBAS agreement no. WAR/4100/15/348/CB	3 000	2 970	PLN	WIBOR 3M + margin	31.03.2020
loan BGŻ BNP PARIBAS agreement no. WAR/4100/15/348/CB	14 000	6 677	PLN	WIBOR 3M + margin	31.07.2020
loan SGB-Bank agreement no. OBRKK/12/2017/63280	30 000	29 999	PLN	WIBOR 3M + margin	31.12.2020
loan BOŚ Bank agreement no.S/92/01/2019/1098/K/KOO	13 000	10 199	PLN	WIBOR 3M + margin	16.10.2020
loan BS Wschowa agreement no. 164/IWS/2018	18 000	12 296	PLN	WIBOR 1M + margin	19.08.2020



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

loan Santander agreement no.K03957/19	4 800	0	EUR	EURIBOR 1M + margin	30.06.2020
factoring		11 779	PLN		
other		6	PLN		
<b>Short-term loans and borrowings in total</b>	<b>96 796</b>	<b>PLN</b>		-	-

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

**Bonds (nominal value):**

<b>Bonds as of the end of reporting period 31.12.2020</b>	<b>Value*</b>	<b>Balance</b>	<b>Currency</b>	<b>Interest rate</b>	<b>Date of repayment</b>
<b>Long-term</b>					
I-series Bonds	50 000	50 000	PLN	WIBOR 6M+ margin	28.10.2023
J-series Bonds	11 000	11 000	PLN	WIBOR 6M+ margin	22.06.2024
<b>Long-term bonds in total</b>	<b>61 000</b>	<b>61 000</b>	<b>PLN</b>	-	-



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

**Short-term**

DA-series Bonds	15 000	15 000	PLN	WIBOR 6M+ margin	30.04.2021
DB-series Bonds	20 000	20 000	PLN	WIBOR 6M+ margin	30.04.2021
G*-series Bonds	52 134	52 134	PLN	WIBOR 6M+ margin	08.03.2021
H*-series Bonds	10 559	10 559	PLN	WIBOR 6M+ margin	08.03.2021
<b>Short-term bonds in total</b>	<b>97 693</b>	<b>97 693</b>	<b>PLN</b>	<b>-</b>	<b>-</b>

**Collateral**

I-series Bonds	mortgage up to the amount of PLN 75 000 000,00 on developed real estate located in Warsaw at Prądzyńskiego street 21, owned by Dekpol Deweloper sp.z o.o. *, KW No. WA4M / 00386892/3
J-series Bonds	none
DA and DB-series Bonds	mortgage up to the amount of PLN 52 500 000,00 on the right of perpetual usufruct to real estate located in Gdańsk at Toruńska street, owned by Almond Sp. z o.o. KW No. GD1G / 00047844/2
G-series Bonds	none
H-series Bonds	none

\* In 2021. there was a change of the owner of the property Dekpol Inwestycje Sp. z o.o. WBH Sp. k.

Bonds as of the end of reporting period 31.12.2019	Value	Balance	Currency	Interest rate	Date of repayment
<b>Long-term</b>					
DA-series Bonds	15 000	15 000	PLN	WIBOR 6M+ margin	30.04.2021
DB-series Bonds	20 000	20 000	PLN	WIBOR 6M+ margin	30.04.2021
G-series Bonds	57 660	57 660	PLN	WIBOR 6M+ margin	08.03.2021
H-series Bonds	11 250	11 250	PLN	WIBOR 6M+ margin	08.03.2021
<b>Long-term bonds in total</b>		<b>103 910</b>	<b>PLN</b>	<b>-</b>	<b>-</b>
<b>Short-term</b>					
G-series Bonds	19 220	19 220	PLN	WIBOR 6M+ margin	08.03.2021
H-series Bonds	3 750	3 750	PLN	WIBOR 6M+ margin	08.03.2021
F3-series Bonds	9 000	6 655*	PLN	WIBOR 3M+ margin	04.01.2022
F4-series Bonds	13 000	220*	PLN	WIBOR 3M+ margin	04.01.2022
<b>Short-term bonds in total</b>		<b>29 845</b>	<b>PLN</b>	<b>-</b>	<b>-</b>

**Collateral**

DA and DB-series Bonds	mortgage up to the amount of PLN 52.500.000,00 on the right of perpetual usufruct of a real property located in Gdańsk at Toruńska street, belonging to Almond Sp. z o.o. LAND AND MORTGAGE REGISTER No, GD1G/00047844/2,
F3-series Bonds	mortgage up to the amount of PLN 13 500 000,00 zł on the right of perpetual usufruct of a real property located in Gdańsk at Pszenna street belonging to DEKPOL Pszenna Sp. z o.o. Sp. k. - LAND AND MORTGAGE REGISTER No. GD1G/00142582/3, GD1G/00142581/6
F4-series Bonds	mortgage up to the amount of PLN 19 500 000,00 zł on the right of perpetual usufruct of a real property located in Gdańsk at Pszenna street belonging to DEKPOL Pszenna Sp. z o.o. Sp. k. - LAND AND MORTGAGE REGISTER No. GD1G/00142582/3, GD1G/00142581/6



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

G-series Bonds	none
H-series Bonds	none

## Liabilities of the companies from the Dekpol Capital Group:

Loans and borrowings as of 31.12.2020	Company	Loan value	Balance	Currency	Interest rate	Date of repayment
<b>Long-term</b>						
Alior Bank S.A. - revolving loan, agreement U0003400195815A	Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k.	59162	0	PLN	WIBOR 3M + margin	2022-07-31
Alior Bank S.A. - VAT credit, agreement U0003400195815B	Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k.	4800	0	PLN	WIBOR 3M + margin	2022-07-31
<b>Long-term loans and borrowings in total</b>		<b>63 962</b>	<b>0</b>	<b>PLN</b>	<b>-</b>	<b>-</b>
<b>Short-term</b>						
Santander Factoring sp. z o.o. factoring agreement no. 3673/5447/2019	Dekpol Steel Sp. z o.o.	24 000	10 872	PLN	WIBOR 1M + margin	2021-10-31
Alior Bank S.A. - overdraft facility, agreement U0003444593097	Dekpol Steel Sp. z o.o.	20 000	2 763	PLN	WIBOR 3M + margin	2022-07-02
other	Dekpol Steel sp. z o.o.		4	PLN		
other	Betpref sp. z o.o.		6			
<b>Short-term loans and borrowings in total</b>		<b>44 000</b>	<b>13 645</b>	<b>PLN</b>	<b>-</b>	<b>-</b>

Collateral		
Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k.	Alior Bank S.A. - revolving loan, agreement U0003400195815A	mortgage up to the amount of PLN 95 942 830,00 on the real estate located in Wiślinka, Land and Mortgage Register No. GD1G / 00049045/5, assignment of receivables from the GC contract, surety
Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k.	Alior Bank S.A. - VAT credit, agreement U0003400195815B	mortgage up to the amount of PLN 95 942 830,00 on the real estate located in Wiślinka, Land and Mortgage Register No. GD1G / 00049045/5, assignment of receivables from the GC contract, surety
Dekpol Steel Sp. z o.o.	Alior Bank S.A. - overdraft	joint mortgage (jointly with the loan agreement for Dekpol SA No. U0003447412540) up to the amount of PLN 45 000 000,00



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

	facility, agreement U000344459309 7	on real estate located in Pinczyn, KW No. GD1A / 00038351/7, GD1A / 00064240/7, GD1A / 00061912/8, bill of exchange, guarantee PLG-FGP BGK for the amount of PLN 16 000 000,00
Dekpol Steel Sp. z o.o.	Santander Factoring sp. z o.o. factoring agreement no. 3673/5447/2019	bill of exchange, assignment of receivables

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

<b>Collateral</b>		
Nordic Milan Sp. z o.o.	borrowings	none
Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k.	kredyt mBank agreement 10/001/19/Z/OB	mortgage up to the amount of PLN 68 550 000,00 on real estate located in Gdańsk belonging to Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k., KW No. GD1G / 00299864/9,
Dekpol Inwestycje Sp.	loan BS	mortgage up to the amount of PLN 8 334 000,00 on real



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

z o.o. Development Sp. k.	Wschowa agreement 175/IWS/2019	estate located in Gdańsk belonging to Dekpol Inwestycje Sp. z o.o. Development Sp. k., KW No. GD1G / 00233670/2,
Dekpol Inwestycje Sp. z o.o. Rokitki Sp. k.	loan SGB-Bank agreement PO/2/ORK/U/2019	mortgage up to the amount of PLN 18 000 000,00 on real estate located in Rokitki Tczewskie belonging to Dekpol Inwestycje Sp. z o.o. Rokitki Sp. k., KW No. GD1T / 00055052/4,

**Bonds (nominal value):**

Bonds as of the end of reporting period 31.12.2020	Value	Balance	Currency	Interest rate	Date of repayment
<b>Long-term</b>					
A-series Bonds (Dekpol Deweloper Sp. z o.o.)	21 500	21 500	PLN	WIBOR 6M+ margin	19.06.2022
<b>Long-term bonds in total</b>	<b>21 500</b>	<b>21 500</b>	<b>PLN</b>	-	-
<b>Short-term</b>					
<b>Short-term bonds in total</b>	<b>0</b>	<b>0</b>	<b>PLN</b>	-	-

**Collateral**

A-series Bonds (Dekpol Deweloper Sp. z o.o.)	guarantee
--	-----------

Bonds as of the end of reporting period 31.12.2019	Value	Balance	Currency	Interest rate	Date of repayment
<b>Long-term</b>					
A-series Bonds (Dekpol Deweloper Sp. z o.o.)	21 500	21 500	PLN	WIBOR 6M+ margin	19.06.2022
<b>Long-term bonds in total</b>		<b>21 500</b>	<b>PLN</b>	-	-
<b>Short-term</b>					
A-series Bonds (Dekpol Deweloper Sp. z o.o.)	8 500	8 500	PLN	WIBOR 6M+ margin	19.12.2020
<b>Short-term bonds in total</b>		<b>8 500</b>	<b>PLN</b>	-	-

**Collateral**

A-series Bonds (Dekpol Deweloper Sp. z o.o.)	guarantee
--	-----------

The value of capitalized interest as at the balance sheet date is PLN 1.182 thousand.



## Bonds issue programme

On 29<sup>th</sup> of September 2020, Management Board of Dekpol S.A. adopted resolution concerning establishment of bonds issue programme of a total nominal value of no higher than PLN 200 million. Bonds will be issued by 30<sup>th</sup> of June 2022 in the manner specified in Art. 33 point 1 or article 33 point 2 of the Act of January 15, 2015 on Bonds, whereby the Company will be able to issue one or more series of bonds

Resolution of Management Board of the Company on the establishment of the issue program provides, that the bonds may be issued as both unsecured and secured bonds. The interest rate will be variable or fixed. The benefits from the bonds will be in cash only. The issuance of subsequent series of bonds will be made each time pursuant to resolution of Management Board of the Company, which will specify the terms and conditions of the issue of a given series, including, in particular, the bond issue procedure, the bond currency of a given series, issue price, unit and total price, the nominal value of the bonds of a given series, maturity, interest, interest periods for the bonds of a given series, as well as it will be determined whether the Issuer will apply for introduction of bonds of a given series to trading on the regulated market or alternative trading system selected for this series.

About the above mentioned event the Company announced in current report no. 24/2020 dated 29<sup>th</sup> of September 2020.

## Issue of I-Series bonds

On 15<sup>th</sup> of October 15, 2020, Management Board of the Company, under the bond issue program adopted on 29<sup>th</sup> of September 2020, adopted resolution about the issue of no more than 50,000 three-year I-series bearer bonds with a nominal value of PLN 1,000 each and a total nominal value of up to PLN 50,000,000 (Bonds). Pursuant to the adopted resolution, 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. The purpose of issue of Bonds was to finance the current operations of Issuer's Capital Group and to repay debt from G-series and H-series bonds.

On 30<sup>th</sup> of October 2020, Management Board of the Company adopted a resolution on the initial allocation of 50,000 I-series bonds with a total nominal value of PLN 50,000,000.00. The bonds were allotted subject to suspensive condition of final settlement of Bond purchase transaction as a part of issue by the Krajowy Depozyt Papierów Wartościowych S.A. (KDPW).

On 4<sup>th</sup> of November 2020, Management Board of the Giełda Papierów Wartościowych w Warszawie S.A. (GPW) adopted resolution concerning introduction





of Bonds to the alternative trading system on the Catalyst market as of the date of registration of Bonds by KDPW.

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 Bonds issue will be used to finance current operations of the Issuer's Capital 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.

About the above mentioned events the Company announced in current reports no. 27/2020 dated 15<sup>th</sup> of October 2020, no. 30/2020 dated 30<sup>th</sup> of October 2020 and no. 31/2020 dated 6<sup>th</sup> of November 2020.

#### **Partial redemption of G and H-series bonds**

On 9<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.



About the above-mentioned event the Company announced in current report no. 32/2020 dated 9<sup>th</sup> of November 2020.

### **Issue of J-series bonds**

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).



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

### 12.3. LIABILITIES BY PAYMENT TERMS IN REPORTING PERIOD

Item	Overdue	up to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term derivative liabilities	0	0	0	0	0	0
Long-term bonds	0	0	21 056	59 584	0	80 640
Long-term borrowings	0	0	0	0	0	0
Long-term loans	0	0	0	0	5 423	5 423
Long-term leases	0	0	2 272	1 592	0	3 864
Short-term derivative liabilities	0	7 369	0	0	0	7 369
Short-term leases	0	4 550	0	0	0	4 550
Short-term bonds	0	98 400	0	0	0	98 400
Short-term borrowings	0	16	0	0	0	16
Short-term loans	0	63 428	0	0	0	63 428
<b>Financial liabilities - due</b>	<b>0</b>	<b>173 763</b>	<b>23 328</b>	<b>61 176</b>	<b>5 423</b>	<b>263 690</b>

### 12.4. LIABILITIES BY PAYMENT TERMS IN PREVIOUS REPORTING PERIOD

Item	Overdue	up to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term derivative liabilities	0	0	0	0	0	0
Long-term bonds	0	0	133 655	0	0	133 655
Long-term borrowings	0	0	0	0	0	0
Long-term loans	0	0	4 002	0	7 385	11 387
Long-term leases	0	0	2 706	603	0	3 310
Short-term derivative liabilities	0	0	0	0	0	0
Short-term leases	0	7 281	0	0	0	7 281
Short-term bonds	0	29 853	0	0	0	29 853
Short-term borrowings	0	2 022	0	0	0	2 022
Short-term loans	0	110 570	0	0	0	110 570
<b>Financial liabilities - due</b>	<b>0</b>	<b>149 727</b>	<b>140 363</b>	<b>603</b>	<b>7 385</b>	<b>298 083</b>



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## 13. TRADE LIABILITIES

### 13.1. LONG-TERM LIABILITIES

Item	31.12.2020	31.12.2019
Deposits received	19 092	15 714
Other liabilities (long-term)	0	7 926
<b>Other long-term liabilities</b>	<b>19 092</b>	<b>23 640</b>

### 13.2. SHORT-TERM LIABILITIES

Item	31.12.2020	31.12.2019
Liabilities from deliveries and services	175 226	113 600
Payroll liabilities	1 834	955
Liabilities due to current income tax	7 566	1 464
Liabilities due to other taxes, duties and social securities	10 072	10 922
Short-term deposits received	16 424	14 435
Prepayments and deposits received for supplies	76 054	197 651
Other short-term liabilities	185	719
<b>Trade and other liabilities</b>	<b>287 361</b>	<b>339 747</b>



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

### 13.3. LIABILITIES BY PAYMENT TERMS IN REPORTING PERIOD

Item	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term deposits received	0	0	0	0	0	1 570	16 990	531	19 092
Other long-term liabilities – other titles	0	0	0	0	0	0	0	0	0
<b>Long-term liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 570</b>	<b>16 990</b>	<b>531</b>	<b>19 092</b>
Trade liabilities	52 234	98 156	24 499	158	72	107	0	0	175 226
Prepayments and deposits received for supplies	5	8 124	0	12 880	55 045	0	0	0	76 054
Short-term received bails	9 025	1 519	2 543	2 097	1 226	14	0	0	16 424
Liabilities due to current income tax	0	7 566	0	0	0	0	0	0	7 566
Liabilities due to other taxes	0	10 072	0	0	0	0	0	0	10 072
Liabilities due to remunerations	0	1 834	0	0	0	0	0	0	1 834
Other short-term liabilities	0	185	0	0	0	0	0	0	185
<b>Short-term liabilities</b>	<b>61 259</b>	<b>127 462</b>	<b>27 041</b>	<b>15 135</b>	<b>56 343</b>	<b>121</b>	<b>0</b>	<b>0</b>	<b>287 361</b>



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

### 13.4. LIABILITIES BY PAYMENT TERMS IN PREVIOUS REPORTING PERIOD

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



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

### 13.5. OVERDUE LIABILITIES IN REPORTING PERIOD

Item	Non-overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 year	Total
Trade liabilities	122 992	35 573	14 256	1 565	253	586	175 226
Prepayments and deposits received for supplies	76 049	0	5	0	0	0	76 054
Short-term received bails	7 399	373	945	1 083	1 701	4 923	16 424
Liabilities due to current income tax	7 566	0	0	0	0	0	7 566
Liabilities due to other taxes	10 072	0	0	0	0	0	10 072
Liabilities due to remunerations	1 834	0	0	0	0	0	1 834
Other short-term liabilities	185	0	0	0	0	0	185
<b>Short-term liabilities</b>	<b>226 097</b>	<b>35 946</b>	<b>15 206</b>	<b>2 648</b>	<b>1 954</b>	<b>5 509</b>	<b>287 361</b>

### 13.6. OVERDUE LIABILITIES IN PREVIOUS REPORTING PERIOD

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



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## 14. DEFERRED INCOME BALANCE

### 14.1. SPECIFICATION OF DEFERRED INCOME IN REPORTING PERIOD

Item	Short-term	Long-term	Total
Grants received	505	5 181	5 686
Deferred charges	20	0	20
Other charges	0	0	0
<b>Liabilities – deferred charges in total</b>	<b>525</b>	<b>5 181</b>	<b>5 706</b>

### 14.2. SPECIFICATION OF DEFERRED INCOME IN PREVIOUS REPORTING PERIOD

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

## 15. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets held for sale and discontinued operations did not occur.





Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## 16. OPERATING REVENUES AND COSTS

### 16.1. SALES REVENUES

Item	01.01.-31.12.2020	01.01.-31.12.2019
Revenues from sales of products	1 026 248	732 554
Revenues from sales of services	10 224	17 732
Revenues from sales of goods and materials	18 506	21 833
<b>Sales revenues</b>	<b>1 054 978</b>	<b>772 119</b>



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## 16.2. COSTS BY TYPE

Item	01.01.-31.12.2020	01.01.-31.12.2019
Cost of goods and materials sold	17 396	20 828
Remuneration	43 616	37 442
Depreciation	10 967	10 219
Employee benefits	10 392	9 020
Consumption of materials and energy	234 150	241 217
Outsourced services	529 371	427 910
Taxes and fees	3 757	3 555
Other costs by type	7 506	9 953
<b>Costs by type</b>	<b>857 156</b>	<b>760 022</b>
<b>Administrative expenses</b>	<b>-21 088</b>	<b>-17 228</b>
<b>Selling costs</b>	<b>-34 930</b>	<b>-22 757</b>
<b>Own work capitalized</b>	<b>1 703</b>	<b>-18 340</b>
<b>Movements in the balance of products</b>	<b>114 776</b>	<b>-13 020</b>
<b>Own selling cost</b>	<b>917 617</b>	<b>688 799</b>



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

### 16.3. OWN SELLING COST

Item	01.01.-31.12.2020	01.01.-31.12.2019
Cost of product sold	892 479	659 724
Cost of services sold	7 742	8 247
Cost of goods and materials sold	17 396	20 828
<b>Own selling cost</b>	<b>917 617</b>	<b>688 799</b>



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## 16.4. OTHER OPERATING REVENUES

Item	01.01.-31.12.2020	01.01.-31.12.2019
Profit on disposal of non-financial fixed assets	452	237
Re-invoices	0	0
Pricing of investment properties to its fair value	6 121	24 211
Release of provisions	4 169	1 620
Fines and compensations	3 002	2 287
Grants	2 352	521
Overdue liabilities	0	0
Scrap yield	0	0
Bonus from turnover	0	0
Surplus stock	263	1 181
Other titles	1 185	3 607
Write-offs for inventories reversal in period (-)	197	0
Impairment write-offs on receivables reversal in period (-)	2 653	4 085
<b>Other operating revenues</b>	<b>20 393</b>	<b>37 749</b>

## 16.5. OTHER OPERATING COSTS

Item	01.01.-31.12.2020	01.01.-31.12.2019
Write-offs for inventories creation in period	158	0
Pricing of investment properties to its fair value	5 327	0
Establishment of provisions	930	2 445
Cost related to acquisition of subsidiaries	0	0
Cost of defects repairs and scrap page	1 270	0
Donations	681	824
Bonus from turnover	0	0



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

Inventory deficits	135	899
Receivables	0	0
Contractual penalties	15	15
Other titles	7 500	3 419
Material losses	0	41
Court litigation costs	0	0
Re-invoicing costs	0	0
Compensations	371	525
Impairment write-offs on receivables creation in period	4 305	1 958
Loss on disposal of non-financial fixed assets	1	0
<b>Other operating costs</b>	<b>20 692</b>	<b>10 125</b>

## 17. FINANCIAL REVENUES AND EXPENSES

### 17.1. FINANCIAL REVENUES

Item	01.01.-31.12.2020	01.01.-31.12.2019
Interests	296	157
Profit from sale of financial assets	0	0
Dividends	0	0
Reversal of write-offs	0	0
Other financial revenues	0	0
Surplus of positive exchange differences over the negative ones	1 529	0
<b>Pricing of financial instruments at fair value</b>	<b>0</b>	<b>0</b>
<b>Financial revenues</b>	<b>1 825</b>	<b>157</b>



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## 17.2. FINANCIAL EXPENSES

Item	01.01.-31.12.2020	01.01.-31.12.2019
Other financial costs	0	160
Interests	11 930	6 844
Write-offs	0	0
Loss from sale of financial assets	0	0
Surplus of negative exchange differences over the positive ones	326	1 384
<b>Pricing of financial instruments at fair value</b>	<b>3 541</b>	<b>0</b>
<b>Financial expenses</b>	<b>15 796</b>	<b>8 388</b>

## 18. INCOME TAX

### 18.1. INCOME TAX

Item	01.01.-31.12.2020	01.01.-31.12.2019
Current income tax	27 277	4 174
Deferred income tax	-12 975	7 767
<b>Income tax</b>	<b>14 302</b>	<b>11 941</b>



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## 18.2. EFFECTIVE TAXATION RATE

Item	01.01.-31.12.2020	01.01.-31.12.2019
Current income tax for previous periods included in financial result	0	0
<b>Profit (loss) before tax</b>	<b>67 087</b>	<b>62 850</b>
Probable income tax	12 746	12 163
Fees for PFRON	65	107
Dividends	0	0
Representation costs	41	56
Costs of penalties and mandates	97	62
Other costs	1 353	-190
Reconciliation of differences that permanently do not constitute tax deductible costs	1 556	35
Income tax not included in the asset and reserve for deferred income tax	0	-225
Deduction of income tax	0	-32
<b>Income tax recognized in financial result</b>	<b>14 302</b>	<b>11 941</b>
<b>Effective tax rate</b>	<b>21,32%</b>	<b>19%</b>
<i>the difference is due to, among others permanent differences</i>	<i>2,32%</i>	<i>0%</i>

## 19. DEFERRED INCOME TAX

### 19.1. DEFERRED INCOME TAX

Item	01.01.-31.12.2020	01.01.-31.12.2019
<b>Assets and provisions due to deferred income tax per balance at the beginning of the period</b>	<b>24 985</b>	<b>9 298</b>
Other comprehensive income (+/-)	0	0
Accounting for a business combination	0	0



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

Financial result (+/-)	-21 367	7 767
Other (including net exchange differences on translation)	0	0
<b>Assets and provisions due to deferred income tax per balance at the end of the period</b>	<b>3 618</b>	<b>17 065</b>
Assets due to deferred income tax	16 108	7 920
Provision due to deferred income tax	19 726	24 985





Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## 19.2. DEFERRED INCOME TAX ASSETS IN REPORTING PERIOD

Item	Balance at the beginning of period	Financial result	Other comprehensive income	Total
Pricing of liabilities in revised purchase price	501	-501	0	0
Assets write-offs	1 242	832	0	2 073
Other titles as a basis for establishment of assets for deferred income tax	4 869	-2 003	849	3 715
Provisions for employee benefits	25	268	0	292
Other provisions	1 284	8 743	0	10 028
Other liabilities	0	0	0	0
<b>Deferred income tax assets</b>	<b>7 920</b>	<b>7 339</b>	<b>849</b>	<b>16 108</b>

## 19.3 DEFERRED INCOME TAX ASSETS IN PREVIOUS REPORTING PERIOD

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

## 19.4. DEFERRED INCOME TAX PROVISIONS IN REPORTING PERIOD

Item	Balance at the beginning of period	Financial result	Other comprehensive income	settlement of combination	Total
Deferred tax from pricing of investment property	10 659	-1 342	0	0	9 317



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

Depreciation of fixed assets	2 201	-796	0	0	1 405
Trade receivables	522	347	0	0	869
Construction contracts	10 075	-4 165	0	0	5 910
Other titles as a basis for establishment of assets for deferred income tax	1 281	506	0	0	1 787
Pricing of liabilities in revised purchase price	241	-220	0	0	21
Overestimation of financial assets (positive differences)	7	410	0	0	417
<b>Deferred income tax provision</b>	<b>24 985</b>	<b>-5 260</b>	<b>0</b>	<b>0</b>	<b>19 726</b>

## 19.5. DEFERRED INCOME TAX PROVISIONS IN PREVIOUS REPORTING PERIOD

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



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## 20. FINANCIAL INSTRUMENTS

### 20.1. FINANCIAL INSTRUMENTS - ASSETS

Item	31.12.2020	31.12.2019
Long-term receivables	1 737	782
Trade receivables and other receivables	275 628	157 345
Receivables from contracts with customers, net	205 109	92 653
Dividend receivables - short-term	0	0
<b>Receivables evaluated at nominal value</b>	<b>277 365</b>	<b>158 127</b>
Loans and receivables	5 530	2 822
Shares and shares in entities	0	10
Shares and stocks in subsidiaries	0	10
Shares and stocks in associates and jointly controlled entities	26	0
Assets evaluated at fair value through financial result	0	0
Cash and cash equivalents	157 493	116 264
Financial assets available for sale	0	0
Financial assets held to maturity	0	0
<b>Financial assets</b>	<b>422 414</b>	<b>277 213</b>



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## 20.2. FINANCIAL INSTRUMENTS - LIABILITIES

Item	31.12.2020	31.12.2019
Liabilities evaluated at depreciated cost	263 691	298 083
Liabilities evaluated at fair value through financial result	0	0
Liabilities evaluated at nominal value	301 628	363 387
<b>Financial liabilities</b>	<b>565 319</b>	<b>661 470</b>

## 21. RISK OF FINANCIAL INSTRUMENTS

### 21.1. EXPOSURE ON FX RISK IN REPORTING PERIOD

Item	PLN	EUR	Inne	Razem
Loans and own receivables (valued in the APP)	0	0	0	0
Trade receivables and other financial receivables	184 548	92 817	0	277 365
Other financial assets	26	0	0	26
Cash and cash equivalents	153 731	3 748	13	157 493
Derivatives	0	0	0	0
<b>Financial assets (+):</b>	<b>338 305</b>	<b>96 565</b>	<b>13</b>	<b>434 883</b>
Loans, borrowings and other debt instruments	247 907	0	0	247 907
Financial lease	5 941	2 474	0	8 415
Trade liabilities and other financial liabilities	301 346	5 077	29	306 452
Derivatives	0	0	0	0
<b>Financial liabilities (-):</b>	<b>469 131</b>	<b>7 551</b>	<b>29</b>	<b>562 774</b>



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## 21.2. EXPOSURE ON FX RISK IN PREVIOUS REPORTING PERIOD

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

## 21.3. EXPOSURE ON INTEREST RATE RISK IN REPORTING PERIOD

Item	Variable interest rate	Fixed interest rate	Total
Long-term financial liabilities (evaluated in APP)	89 928	0	89 928
Short-term financial liabilities (evaluated in APP)	166 378	16	166 394
Loans and own receivables (evaluated in APP)	16	0	16

Interest rate risk



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

The Dekpol Group finances its activities, among others using variable interest rate debt (including revolving loan and bonds). Therefore, it is exposed to interest rate risk. In the event of a significant increase in interest rates, the Group's financial results may deteriorate due to an increase in financial costs. Additionally, high exposure related to this risk and incorrect assessment of this risk may adversely affect the financial results of the Group.

## 21.4. EXPOSURE ON INTEREST RATE RISKS IN PREVIOUS REPORTING PERIOD

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

## 22. OPERATING SEGMENTS

### 22.1. REVENUES, RESULT AND OTHER IN REPORTING PERIOD

Item	General contracting	Property development	Production of steel structures and accessories	Other	Exclusions	Total
Sales revenues in total	654 451	286 580	80 261	33 326	0	1 054 978
Other operating revenues	0	0	0	20 393	0	20 393
Other operating expenses	0	0	0	20 692	0	20 692
Operating expenses in total	609 146	245 047	74 865	44 576	0	973 635
<b>Operating result</b>	<b>45 305</b>	<b>41 532</b>	<b>5 755</b>	<b>-11 548</b>	<b>0</b>	<b>81 044</b>



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

<b>Financial revenues</b>	0	0	0	1 825	0	1 825
<b>Financial expenses</b>	0	0	0	15 796	0	15 796
<b>Income tax</b>	0	0	0	14 302	0	14 302
<b>Net result</b>	<b>45 305</b>	<b>41 532</b>	<b>5 755</b>	<b>-39 822</b>	<b>0</b>	<b>52 771</b>



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## 22.2. REVENUES, RESULT AND OTHER IN PREVIOUS REPORTING PERIOD

Item	General contracting	Property development	Production of steel structures and accessories	Other	Exclusions	Total
Sales revenues in total	487 134	155 092	90 699	39 194	0	772 119
Other operating revenues	0	0	0	37 749	0	37 749
Other operating expenses	0	0	0	10 125	0	10 125
Operating expenses in total	457 226	142 339	79 322	49 836	0	728 783
<b>Operating result</b>	<b>29 908</b>	<b>12 693</b>	<b>11 377</b>	<b>16 981</b>	<b>0</b>	<b>70 960</b>
<b>Financial revenues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>157</b>	<b>0</b>	<b>157</b>
<b>Financial expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8 388</b>	<b>0</b>	<b>8 388</b>
<b>Income tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11 941</b>	<b>0</b>	<b>11 941</b>
<b>Net result</b>	<b>29 908</b>	<b>12 693</b>	<b>11 377</b>	<b>-3 191</b>	<b>0</b>	<b>50 788</b>





Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## 22.3. GEOGRAPHICAL STRUCTURE

Item	31.12.2020	31.12.2019
Poland	1 001 460	716 507
European Union	42 678	42 922
Other countries	10 840	12 691
<b>Sales revenues</b>	<b>1 054 978</b>	<b>772 119</b>
Poland	1 589 056	226 829
European Union	13 033	0
Other countries	2 958	0
<b>Assets</b>	<b>1 605 047</b>	<b>226 829</b>

## 23. CONSTRUCTION SERVICES

### 23.1. AGREEMENTS ON CONSTRUCTION SERVICES

Item	31.12.2020	31.12.2019
Revenues from construction contracts recognized in the period	683 012	465 400
The costs of construction contracts incurred during the period	597 038	447 634
Costs due to loss provisions	0	3 000
<b>Result set in agreements on construction services in a period</b>	<b>85 974</b>	<b>20 766</b>
<b>Bail stopped by contractors</b>	<b>40 882</b>	<b>40 077</b>
<b>Advances received for construction contracts</b>	<b>5 444</b>	<b>11 292</b>
<b>Receivables from construction contracts</b>	<b>35 404</b>	<b>66 457</b>
<b>Liabilities due to construction contracts</b>	<b>0</b>	<b>0</b>

Construction contracts are financially accounted with investors as follows:

- during the execution of works - partly in accordance with the progress of works, based on settlement documents confirming the performance of specific works and other contractual obligations, including interim payment certificates, partial acceptance reports - partial invoice and
- after completion of works - on the basis of final documents, such as the final acceptance protocol, confirming the completion of the works and the fulfillment of contractual obligations required for the final settlement - final invoice.

Payment terms for construction services performed by the Company are usually 30 days, with the proviso that on some contracts the Company obtains financing before the commencement of works in the form of advance payments, which are settled successively with partial invoices and a final invoice.



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## 24. TRANSACTIONS WITH AFFILIATES

### 24.1. BENEFITS FOR MANAGERIAL STAFF

Item	31.12.2020	31.12.2019
Short-term employee benefits	1 130	1 580
Benefits from termination of work agreements	0	0
Payments in form of own shares	0	0
Other benefits	27	34
Other benefits - services provided in person *	505	152
<b>Benefits for managerial staff</b>	<b>1 265</b>	<b>1 766</b>

\* Including services provided in person, on market terms, for the Company



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## 24.2. TRANSACTIONS AND BALANCES WITH AFFILIATES IN REPORTING PERIOD

Item	Consolidated	Subsidiary not consolidated	Associated and interdependent	Other affiliated	Total
Net purchases (without VAT)	0	0	0	503	503
Revenue from interest	0	0	0	0	0
Net sales (without VAT)	0	0	0	7 006	7 006
Cost of interest	0	0	0	0	0
Loans received	0	0	0	0	0
Loans granted	0	0	0	0	0
Short-term receivables	0	0	0	0	0
Long-term receivables	0	0	0	0	0
Short-term liabilities	0	0	0	3 624	3 624
Long-term liabilities	0	0	0	0	0
Dividends granted	0	0	0	0	0
Dividends paid	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11 233</b>	<b>11 233</b>



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

### 24.3. TRANSACTIONS AND BALANCES WITH AFFILIATES IN PREVIOUS REPORTING PERIOD

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



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## 25. OTHER INFORMATION

### 25.1. AVERAGE NUMBER OF FTE'S

Item	31.12.2020	31.12.2019
White-collar employees	242	369
Blue-collar employees	275	140
<b>Average number of FTE's</b>	<b>517</b>	<b>509</b>

Including companies from Dekpol Capital Group:

- Dekpol S.A. - 210 people.
- Betpref sp. z o.o. – 91 people.
- Dekpol Deweloper Sp. z o.o. – 18 people.
- Dekpol Steel Sp. z o.o.- 198 people.

### 25.2. AUDITOR'S REMUNERATION

Item	31.12.2020	31.12.2019
Audit of annual financial statements	183	85
Review of financial statements	28	28
Tax advisory	0	0
Other services	0	0
<b>Auditor's remuneration in total</b>	<b>211</b>	<b>113</b>

## 26. EVENTS AFTER BALANCE SHEET DATE

### Separation of general contracting activities

On 31<sup>st</sup> of December 2020, Dekpol S.A. concluded with the subsidiary Dekpol Budownictwo Sp. z o.o. a transfer agreement for Dekpol Budownictwo Sp. z o.o. an organized part of the enterprise (OPE) of Dekpol S.A., worth PLN 137,2 million, operating under the name of "General Contracting Department" and covering, in particular, comprehensive implementation of investments in the field of construction and assembly works at the request of investors. The organized part of the enterprise comprised a separate department within the Issuer's structures and an independent enterprise performing the above tasks independently.



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

Pursuant to the concluded agreement, the OPE was issued 1<sup>st</sup> of on January 2021 (an event after the balance sheet date). The OPE included, inter alia, rights and obligations under employment contracts and all employee files relating to the transferred employees, stocks of materials, fixed and movable assets and elements of equipment, intangible assets, receivables from contractors, cash, rights resulting from contracts with investors, subcontractors, service providers, suppliers, customers, rights and obligations resulting from contracts concluded with financial institutions and lease contracts, lease of movable property, intellectual property rights, administrative decisions, concessions, licenses, permits, permits, certificates and others.

The transfer of OPE took place as an in-kind contribution to cover the share capital in connection with the acquisition by the Company on 31<sup>st</sup> of December 2020 of 1,399,900 new shares in Dekpol Budownictwo Sp. z o.o. with a total nominal value of PLN 69,995 million. After the increase, the share capital of Dekpol Budownictwo Sp. z o.o. amounts to PLN 70 million.

The above events were the result of activities undertaken in previous years related to the reorganization of the Company and the Dekpol Capital Group, which was aimed at introducing a management system adapted to the increasing scale of the Company's operations and its individual segments, the expanded structure, as well as further development plans.

## The impact of the COVID-19 virus on the Group's financial results

It should also be noted that the COVID-19 virus, which has spread all over the world in the first months of 2020, and its negative impact has affected many countries, will have an impact on the results achieved in the perspective of at least the next year. While the situation is still changing at the time of publication of this report, the negative impact on world trade and the Company appears to be likely to be more severe than originally expected. The exchange rates used by the Company have weakened, the value of stocks in the markets has fallen and commodity prices are fluctuating significantly. Despite the negative impact of the epidemic on the business environment of the entity, the Management Board does not see any significant uncertainty related to the continuation of the Company's operations.

## Bond issue program

On 21<sup>st</sup> of April 2021, the Polish Financial Supervision Authority approved the prospectus of Dekpol S.A. At the same time, on 28<sup>th</sup> of April 2021, the Issuer made the prospectus available to the public on its website: <https://dekpol.pl/wp-content/uploads/2021/04/Dekpol-Prospekt-Podstawowy-Programu-Emisji-Obligacji-1.pdf>



## K-Series bonds issue

On 28<sup>th</sup> of January 2021 (an event after the balance sheet date), the Management Board of Dekpol S.A. adopted a resolution on the issue of no more than 50,000 3.5-year series K bearer bonds with a nominal value of PLN 1,000 each and a total nominal value of up to PLN 50,000,000 (Bonds). The bonds were issued in accordance with Art. 33 point 1 of the Act of 15<sup>th</sup> of January 2015 on bonds, in a way that did not require the Issuer to prepare a prospectus or information memorandum. The purpose of the issue of the Bonds was to finance the current operations of the Issuer's Capital Group and to repay the debt due to series G and H bonds.

On 18<sup>th</sup> of February 2021 (an event after the balance sheet date), the Management Board of Dekpol S.A. adopted a resolution to make an initial allocation of 21,500 series K bearer bonds, not in the form of a document, with a nominal value of PLN 1,000 each bond and a total nominal value of PLN 21.5 million. The bonds were granted subject to the condition precedent of the final settlement of the Bond purchase transaction as part of the issue by the National Depository for Securities S.A. (KDPW).

On 22<sup>nd</sup> of February 2021 (an event after the balance sheet date), the Management Board of the Warsaw Stock Exchange S.A. adopted a resolution on the introduction of the Bonds to the alternative trading system on the Catalyst market as of the date of registration of the Bonds by the National Depository for Securities.

On 24<sup>th</sup> of February 2021 (an event after the balance sheet date), KDPW performed the final settlement of the Bonds and thus the issue of series K bonds was completed.

The bonds were issued at an issue price equal to their nominal value. The interest on the Bonds is based on the WIBOR 6M base rate increased by a margin. Interest on the Bonds is payable in 6-month periods. The bonds are not secured. The redemption of the Bonds will take place on 23<sup>rd</sup> of August 2024. The Bondholder may request early redemption of the Bonds held by him in standard cases specified in the Terms and Conditions of the Bonds Issue, including inter alia in the event that the Company's Capital Group exceeds certain debt ratios, and also in the event that, before the date of fulfillment of all obligations under the Bonds, the Issuer makes payments for participation in the Issuer's company to any of the shareholders (including payment of dividends) with a value exceeding in a given year 30% of the Issuer's Group's net profit shown in the last annual consolidated financial statements. The Issuer is entitled to early redemption of a specified number of Bonds on each of the interest payment days, on the terms specified in the Bond Issue Terms.

The above events were announced by the Company in current reports No. 4/2021 of 28<sup>th</sup> of January 2021, No. 9/2021 of 18<sup>th</sup> of February 2021 and No. 10/2021 of 24<sup>th</sup> of February 2021.



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

## Series B bonds issue

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 15<sup>th</sup> of January 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 the 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.

## Series L bonds issue

On 9<sup>th</sup> of March 2021 (an event after the balance sheet date), the Management Board of Dekpol S.A. adopted a resolution on the issue of no more than 30,000 3.5-year series L 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 will be issued 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 the preparation of the 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 Organized Trading, and Public Companies, with the proviso that pursuant to Art. 31zb of the Act of 2<sup>nd</sup> of March 2, 2020 on special solutions related to the prevention, counteraction and combating of COVID-19, other infectious diseases and crisis situations caused by them, the requirement to approve the above-mentioned memorandum by the Polish Financial Supervision Authority. The Issuer will apply for the introduction of the Bonds to trading in the alternative trading system on the Catalyst market. The bonds will not be secured. The purpose of the Bond issue is to finance the current operations of the Issuer's Capital Group. On 25<sup>th</sup> of March 2021, the Issuer adopted a resolution on the initial allocation of 17,650 bonds. On 30<sup>th</sup> of March the Issuer allocated 17 650 series L bonds with a total value of PLN 17.65 million.

The above events were announced by the Company in current reports No. 12/2021 of 9<sup>th</sup> of March 2021, No. 14/2021 of 25<sup>th</sup> of March 2021, No. 15/2021 of 31<sup>st</sup> of March 2021.

## Merger of Dekpol Deweloper sp.z o.o. with three companies from the Capital Group

On 31<sup>st</sup> of March 2021, the management boards of Dekpol 1 sp.z o.o., Dekpol 1 sp.z o.o. s.k.a., Dekpol Royalties sp.z o.o. (jointly as the Acquired Companies) and Dekpol Deweloper sp.z o.o. (The Acquiring Company) agreed on a merger plan for these companies pursuant to Art. 492 § 1 point 1 of the Commercial Companies Code, i.e. by transferring all assets of the Acquired Companies to the Acquiring Company and





Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

increasing the share capital of the Acquiring Company. As a result of the merger, the Acquired Companies will be dissolved without liquidation, and all their rights and obligations will be taken over by the Acquiring Company by way of universal succession.

## 27. LIABILITIES AND CONDITIONAL ASSETS

### 27.1. SPECIFICATION OF LIABILITIES AND CONDITIONAL ASSETS

Item	31.12.2020	31.12.2019
Conditional liabilities towards affiliates - guarantees of satisfactory performance of contracts	0	0
Conditional liabilities towards affiliates – guarantees and sureties of repayment of financial liabilities	0	0
Other conditional liabilities	0	0
Conditional liabilities towards affiliates	0	0
Granted guarantees of satisfactory performance of contracts - insurance	66 246	28 180
Granted guarantees of satisfactory performance of contracts - banking	20 738	35 581
Granted guarantees and sureties of repayment of financial liabilities	0	0
Court litigations	0	0
Other conditional liabilities	0	0
Conditional liabilities towards non-affiliates	86 983	63 762
<b>Conditional liabilities</b>	<b>86 983</b>	<b>63 762</b>
Received guarantees of satisfactory performance of contracts from affiliates	0	0
Received guarantees and sureties of repayment of liabilities from affiliates	0	0
Other conditional assets	0	0
Conditional assets from affiliates	0	0
Received guarantees of satisfactory performance of contracts from non-affiliates - insurance	4 083	2 396
Received guarantees of satisfactory performance of contracts from non-affiliates - banking	3 280	2 414
Received guarantees and sureties of repayment of liabilities from non-affiliates	0	0
Conditional receivables - Court litigations	0	0
Other conditional assets from non-affiliates	0	0
Conditional assets from non-affiliates	7 362	4 810
<b>Conditional assets</b>	<b>7 362</b>	<b>4 810</b>



Consolidated financial statement of DEKPOL Capital Group for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

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

## 28. EARNINGS PER SHARE

Item	01.01.-31.12.2020	01.01.-31.12.2019
Net profit (loss) attributable to shareholders of parent entity	52 771	50 788
Weighted average number of ordinary shares (w thousands)	8 363	8 363
Major earning per share (in PLN)	<b>6,31</b>	<b>6,07</b>
Net profit (loss) attributable to shareholders of parent entity	52 771	50 788
Weighted diluted average number of ordinary shares (w thousands)	8 363	8 363
Diluted learning per share (in PLN)	<b>6,31</b>	<b>6,07</b>
Net profit (loss) from continued operations attributable to shareholders of parent entity	6,31	6,07
Weighted average number of ordinary shares (w thousands)	8 363	8 363
Major earning per share from continued operations (in PLN)/Net profit (loss) from continued operations attributable to shareholders of parent entity	6,6	6,07
Weighted diluted average number of ordinary shares (w thousands)	0	0
<b>Diluted earnings per share in PLN from continued operations</b>	<b>0</b>	<b>0</b>

## 29. CONSTRUCTION SERVICES

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

Assets under construction contracts	01.01.-31.12.2020	01.01.-31.12.2019
Balance as at beginning of period	66 457	48 493
Impairment loss	0	0
Measurement adjustments	0	0
Transfer to receivables (invoicing)	-66 457	-48 493
Valuation at the end of the period	35 404	66 457
Balance as at end of period	35 404	66 457
Liabilities due to construction contracts	01.01.-31.12.2020	01.01.-31.12.2019
Balance as at beginning of period	0	0
Measurement adjustments	0	0



**Consolidated financial statement of DEKPOL Capital Group** for the period 01.01.2020 - 31.12.2020 (data in thousands of PLN)

Transfer to revenues (execution)	0	0
Valuation at the end of the period	0	0
Balance as at end of period	0	0

<b>Other liabilities from contracts with clients</b>	<b>01.01.-31.12.2020</b>	<b>01.01.-31.12.2019</b>
Balance as at beginning of period	14 452	68 688
Advances paid	395 398	56 255
Transfer to revenues (execution)	-333 796	-110 491
Valuation at the end of the period	0	0
Balance as at end of period	76 054	14 452

<b>The total transaction price assigned to benefits that have not been met</b>	<b>01.01.-31.12.2020</b>	<b>01.01.-31.12.2019</b>
Contracts for construction services	356 371	270 542
Sale of premises	90 408	257 762
Other	0	0

The company estimates that all contracts concluded in 2019-2020 will be settled by 2022 at the latest

Signatures of all Members of the Management Board:

**Mariusz Tuchlin** - President of the Management Board

**Katarzyna Szymczak-Dampc** – Vice-President of the Management Board

Signature of person responsible for bookkeeping

**Anna Miksza** - Chief Accountant Officer