CONSOLIDATED FINANCIAL STATEMENT DEWELOPER

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

Pinczyn, 23rd of July 2021

TABLE OF CONTENTS

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand 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	275 734	72 383	61 628	16 826
II. Profit (loss) on operating activity	38 288	26 065	8 558	6 059
III. Profit (loss) before tax	34 231	24 232	7 651	5 633
IV. Net profit (loss)	27 074	20 367	6 051	4 735
V. Earnings (loss) per ordinary share (in PLN / EUR)	10,03	7,54	2,24	1,75
VI. Net cash flows from operating activity	66 637	(14 344)	14 894	(3 334)
VII. Przepływy pieniężne netto z działalności inwestycyjnej	(420)	(8 803)	(94)	(2 046)
VIII. Net cash flows from investment activity	(61 553)	46 373)	(13 757)	10 780
IX. Total net cash flows	4 664	23 226	1 042	5 399

	31.12.2020	31.12.2019	31.12.2020	31.12.2019
X. Total assets	338 003	440 737	73 243	103 496
XI. Liabilities and provisions for liabilities	137 710	271 586	29 841	63 775
XII. Long-term liabilities	28 830	75 522	6 247	17 734
XIII. Short-term liabilities	108 881	196 064	23 594	46 041
XIV. Equity	200 293	169 151	43 402	39 721
XV. Share capital	135 005	135 005	29 255	31 702
XVI. Number of shares at the end of the period	2 700 100	2 700 100	2 700 100	2 700 100
XVII. Book value per share (in PLN / EUR)	74	63	16	15

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:

- 31st of December 2020 – 4,6148 PLN / EUR
- 31st 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 1st of January till 31st of December 2020 – 4,4742 PLN / EUR,
- from 1st of January till 31st of December 2019 – 4,3018 PLN / EUR.

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

INTRODUCTION TO THE FINANCIAL STATEMENT

GENERAL INFORMATION

Name and location of the reporting entity (leading entity):

DEKPOL DEWELOPER Spółka z ograniczoną odpowiedzialnością

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 0000758272

The main shareholder of the Company is DEKPOL S.A.

The Company has a tax identification number (TIN) 592-227-52-51 and REGON number 381840584.

Duration of the Company:

The period of the Company's operations is indefinite.

The principal activities:

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

Name	PKD
Implementation of construction projects related to the construction of buildings	PKD – 41.1.Z
Construction works associated with constructing residential and non-residential buildings	PKD – 41.20.Z
Buying and selling of own real estate	PKD – 68.10.Z
Rent and management of own or leased real estate	PKD -68.20.Z
Real estate management performed on request	PKD – 68.32.Z
Performing finishing construction works	PKD – 43.3
Activities of Head offices and holding companies, excluding financial holdings	PKD – 70.10.Z
Other business and management consultancy	PKD – 70.22.Z

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

Name	PKD
Other specialized construction works	PKD – 43.9
Real estate agency	PKD – 68.31.Z

Presented reporting periods:

The financial statements is presented for the period from 1st of January 2020 to 31st of December 2020. The comparative financial data is presented for the period from 1st of January 2019 to 31st of December 2019.

Dekpol S.A. is the ultimate parent company and prepares consolidated financial statement.

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

Management Board of Dekpol Deweloper Sp. z o.o. is composed of one or more Members, appointed and relieved from the office by General Meeting of Shareholders. Members of Management Board are appointed for an undefined period.

Composition of the Management Board of Dekpol Deweloper Sp. z o.o. as at the date of publication of this report:

Name and surname	Function
Sebastian Barandziak	President of Management Board
Sebastian Leszczyński	Vice-President of Management Board
Rafał Dietrich	Member of Management Board

The Management Board of Dekpol Deweloper Sp. z o.o. consists of one or more members appointed and dismissed by the Shareholders' Meeting.

Members of the Management Board are appointed for an indefinite period.

2. Composition of the Group and related entities:

As at 31st of December 2020, the Deweloper Group comprised the following subsidiaries:

1. Dekpol Inwestycje Spółka z ograniczoną odpowiedzialnością Rokitki Sp.k.
2. Dekpol Inwestycje Spółka z ograniczoną odpowiedzialnością Pastelowa Sp.k.
3. Dekpol Inwestycje Spółka z ograniczoną odpowiedzialnością Development Sp.k.
4. Dekpol Pszenna Spółka z ograniczoną odpowiedzialnością

5. Dekpol Pszenna Spółka z ograniczoną odpowiedzialnością Spółka komandytowa
6. Dekpol Inwestycje Spółka z ograniczoną odpowiedzialnością Myśliwska Spółka komandytowa
7. Dekpol Inwestycje Spółka z ograniczoną odpowiedzialnością
8. Dekpol Inwestycje Spółka z ograniczoną odpowiedzialnością Grano Resort Spółka Komandytowa
9. Dekpol Inwestycje Spółka z ograniczoną odpowiedzialnością SOL MARINA Spółka Komandytowa
10. Dekpol Inwestycje Spółka z ograniczoną odpowiedzialnością Neo Jasień Spółka Komandytowa
11. Dekpol Inwestycje Spółka z ograniczoną odpowiedzialnością WBH Spółka Komandytowa
12. Dekpol Inwestycje Spółka z ograniczoną odpowiedzialnością Sobieszewo Development Spółka Komandytowa
13. Nordic Milan Spółka z ograniczoną odpowiedzialnością
14. Dekpol Inwestycje Spółka z ograniczoną odpowiedzialnością Braniborska Spółka komandytowa
15. Smartex spółka z ograniczoną odpowiedzialnością

As at 31st of December 2020, Dekpol Deweloper Limited Liability Company is a 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. (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., Dekpol Inwestycje Sp. z o.o. WBH Sp. k., holding 99.5% of shares in profits and losses in these companies, and a 0.5% share in profits and losses is held by Dekpol Inwestycje Sp. z o.o. being the general partner of these companies.

Dekpol Deweloper Sp. z o.o. until 21st of December 2020 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 and losses in this company, while Dekpol Pszenna Sp. z o.o. being a general partner of this company has a 0.5% share in profits and losses, with the reservation that until 12th of July 2020 that the profit to be divided between companies from the Dekpol Group is reduced by the amount of PLN 500, attributable to the other limited partner in the profits. On 13th 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 have a share in the profits.

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

Until 22nd 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 22nd 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.

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 profit and loss account in a multiple-step variant.
The Company prepares its cash flow statement using an indirect method.
The financial statement is presented in thousands of PLN.

4. Date of approval of the financial statement for publication

The financial statement was approved for publication on 29th 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

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

7. Events after balance sheet date

On 15th of January 2021, the Management Board of Dekpol Deweloper Sp. z o.o. adopted a Resolution on the issue of series B bonds with a total nominal value of no more than PLN 15 million. On 1st of February 2021, the Management Board of Dekpol Deweloper Sp. z o.o. adopted a Resolution on the allocation of series B bonds. The Management Board decided to allocate 10,000 series B 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 10 million in accordance with the allocation list established by Michael / Strom Dom Maklerski S.A. with headquarters in Warsaw acting as an offeror. The bonds were issued at an issue price of PLN 1 000 each. The bonds are secured, non-document bearer securities bearing interest at an interest rate equal to WIBOR 6M and a margin. Interest is payable in six-month periods. Only cash benefits are payable on the bonds. The redemption of the bonds will take place on 1st of August 2024. Moreover, the Company may demand early redemption of the bonds on each of the interest payment days, starting from the third interest period, paying a specific premium on this account (0-1.25% of the value of the redeemed bonds). The bondholder may request early redemption of the bonds in case of inter alia the Group's capital group exceeds certain debt ratios. The funds from the bond issue were allocated to the Company's day-to-day operations, in particular to finance the purchase of land.

Property located in Gdańsk at Sobieszewska street with an area of 5.1666 ha, 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 13th 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 real estate remains investment real estate. 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 ha, land and mortgage register KW GD1G / 00102087/1 remains an investment property. On 8th 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.

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

Whenever the Company is indicated below, it applies to the 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 deprecation method of property, plant and equipment, unless other methods (degressive method, method based on production units) better reflect the consumption of economic benefits. The Company may apply other methods and rates in order to establish tax income.
- A depreciation period, depreciation method and residual value (if determined) are subject to periodic verification at least at the end of each financial year. If a significant change is found as compared to previous estimates, the entity changes amortization rates and/or method starting from the first day of the reporting period.
- Property, plant and equipment 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 less selling costs, whichever is lower, and are not subject to depreciation - according to MSSF 5 "Non-Current Assets Held for Sale and Discontinued Operations".

Lease

- The Company recognizes 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:

  - 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.
- 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 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

As at 31st 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. (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., Dekpol Inwestycje Sp. z o.o. WBH Sp. k., holding 99.5% of shares in profits and losses in these companies, and a 0.5% share in profits and losses is held by Dekpol Inwestycje Sp. z o.o. being the general partner of these companies.

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The full list of related entities is presented in the consolidated financial statements of the Dekpol S.A. Capital Group for the year 2020.

The Dekpol Capital Group as at the balance sheet date was Dekpol S.A. as the parent company and twenty-four subsidiaries.

All of the above companies are fully consolidated.

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).

Associated companies are valued using the equity method.

The operating activity of the Deweloper Group focuses on development activities - construction, finishing and sale of housing estates, single-family housing estates, luxury apartment buildings, condo and aparthotels, as well as commercial and service areas.

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

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

Derivatives and hedge accounting

They did not occur in the financial year.

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.
- The inventory of finished products of the steel constructions and fittings department is valued at reference prices corresponding to the planned manufacturing costs. The differences in the actual cost of production to the cost at reference prices are referred to as deviations and are accounted for in the financial result of the period in proportion to the value of finished products referred to the result of the period at reference prices.
- At the end of the reporting period, the Company compares the valuation of inventories at purchase price or production cost to the net realizable value. For

items for which the net realizable value is lower than the carrying value, the Company makes a write-off to the net realizable value.

- The company determines the progress of works on construction service contracts with the share of costs incurred in the contract in the costs of the planned contract. To measure the progress of work, costs not covered by the plan are not included. Costs incurred include material costs, insofar as they relate to embedded materials as planned. Non-embedded materials are included in the stock of materials.

Equity

- The company includes in equity:
  - Equivalent of issued equity instruments (shares, stock options, etc.). Equity instruments The Company distinguishes from liabilities in accordance with the provisions of § 15-20 IAS 32 "Financial Instruments - Presentation", i.e. equity instruments include only instruments that do not have a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable. Depending on the legal regulations, capitals are recognized as share capital, supplementary capital or reserve capital.
  - In the case of issuing compound instruments, consisting of an equity instrument and a financial liability (e.g., bonds convertible into shares), the Company separates and measures the equity instrument presenting its value as equity.
  - Retained earnings - depending on the shareholders' decision, presented as supplementary or reserve capitals. They are valued at their nominal value.
  - The effects of the valuation of assets and liabilities recognized directly in equity - presented as reserve capitals. They are valued at their nominal value.
  - Undivided result from previous years. It is valued at the nominal value.
- Equity is not subject to revaluation, except for hyperinflation.

Reserves

- The company creates reserves for the following employee benefits:
  - retirement benefits - using actuarial methods. The Company considers the discount rate on the average yield of 10-year Treasury bonds from the last 12 months before the balance sheet date as the discount rate. The company adopts the expected increase in salaries above inflation of 1% per year. The company estimates the provision once every 3 years, unless there have been significant changes in the size and structure of employment or the discount rate;

    - The company does not use the "actuarial corridor".
  - 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-paids 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:
  - 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,
- as a result of the performance of the service, no alternative component is created for the Company, but it has an enforceable right to pay for the

service rendered so far. In the case of general contracting, they fulfill this criterion.

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

Operating costs

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

The rules for settling construction works

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

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

Settling the costs of property development activity

- To the cost of manufacturing objects as part of development activities, costs that meet the criteria for the technical cost of manufacturing are recognized, including:
  - Direct manufacturing costs,
  - Indirect costs associated with the construction of the facilities, in particular:
    - Logistics department costs (fuel, car maintenance, logistics management, drivers' remuneration when cars are used on various projects) - accounted for development projects and general contracting according to the key of direct manufacturing costs.
    - Costs of the procurement department of general contracting and development activities - accounted for development projects and general contracting according to the direct production cost key.
- The company extracts accounting devices (accounts) for each development project (Order). The criterion for separating the Order is the estimated time of completion of construction of all objects (buildings and structures) covered by the given order and the similarity of the objects covered by the Order. As part of a single order, expenditure on the production of facilities whose planned completion of use differs by more than 6 months (i.e. the earliest object completed under the order will be completed earlier than 6 months before the last object completed under the order) should not be included. Within one order should not include objects for which the estimated cost of producing PU (usable floor space of the premises) differs more than by 20%. After completing the order, the costs are billed per square meter of PU according to the following algorithm:
  - TKW 1m2 PU = [(PKZR) – (POPS)*(CPOPS)]/(PUO)
  - Where:
  - TKW – technical manufacturing cost
    PKZR – total order costs incurred

POPS – area of auxiliary facilities subject to sale (garages, basements)
CPOPS – expected selling price per square meter of ancillary facilities
PUO – total usable area of premises

- The above algorithm assumes that auxiliary areas are valued according to expected sales revenues, similarly to auxiliary production. The costs of shared facilities are billed proportionally per square meter of PU.
- If the data as part of a given order has been completed and is subject to sale or commissioning before the completion of other objects (if other objects are planned to be completed no later than within 6 months from the completion of the first object under the order), then the costs are calculated per square meter of PU of the completed object according to the following algorithm:
  - FTKW 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 m2 PU of the implemented objects will not differ by more than 20% will not be confirmed, the company will distribute orders in accordance with applicable criteria and all costs previously incurred under the order are subject to re-assignment broken down into new orders.
- If the company incurs significant outlays on joint parts related to many orders, these outlays are divided into orders proportionally to PU, and the settlement is made only in relation to open orders or planned to be opened within 12 months from the day of incurring these expenditures.

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 2nd level 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 Dekpol Deweloper Sp. z o.o. the following types of financial risks are relevant:

- risk of an increase in production costs - it is associated with a possible increase in personnel costs, changes in the prices of construction materials during the construction process, as well as economic (inflation), financial (increase in financing costs), legal and political factors (changes in legal, tax or government policy) that may have an impact on an increase in investment costs.

- delays in the implementation of the investment - the investment process is a complex, multi-stage process and usually lasts several years, therefore, during its duration, many risks may arise that may result in an extension of the deadline for the implementation of a development project. Such delays are related to the need to pay interest, contractual penalties and / or damages related to the possible loss of benefits by the Customers. The consequence of this may be lower profitability of individual projects, and thus a worse financial result of the Company.

- problems with obtaining external financing - property development projects are characterized by high capital intensity; therefore, external financial support is necessary. Its amount depends, among others, on factors beyond the control of the Company, e.g. market conditions. When applying for external support, difficulties may arise in meeting the requirements set by financial institutions or the financing conditions may turn out to be unfavorable for the company.

- risk of an increase in interest rates - the Company is a party to bond, loan and lease agreements as well as loans from related parties, where the interest rate is calculated using variable interest rates, therefore the Company is exposed to the risk of changes in interest rates. A significant increase in interest rates may adversely affect the business, financial condition, results and property development prospects.

- infrastructure risk - a real estate development project may be implemented provided that adequate infrastructure required by law is provided. Failure to provide such infrastructure may result in the suspension of PnB until it is provided. This may have a significant impact on the investment completion date and an increase in the costs associated with the construction of infrastructure, and thus affect the financial situation of the Company.

- risk of competition - the Company focuses its activities in Polish cities that are attractive in terms of location, where the competition is relatively high. A deterioration in the economic situation on a given market or a significant increase in competing entities carries the risk of the necessity to lower the offer prices.

- risk related to the implementation of development projects - The development project cycle is a long-term cycle (over 24 months), characterized by the necessity to incur significant financial expenditure and the total return on expenditure only after a minimum of 2 years. The next stages of projects are usually launched at intervals of 6 to 12 months. The company usually has to pay for the land in full, and the complete development of the land may take place even up to several years after its acquisition date. A long delay in the sale may, in particular in an unfavorable macroeconomic situation, result in the non-recovery of some or all of the invested funds. Therefore, the moment of obtaining revenues may be significantly distant in relation to the expenditure incurred for the implementation of a given project.

Fundamental impact on the costs related to the implementation of a property development project and, as a consequence, the company's financial results may be influenced in particular by factors such as:

- the need to incur additional costs (also as a result of their incorrect estimation) or the occurrence of circumstances causing a significant change in costs;
- changes in the scope of the project and changes in the architectural design;
- non-performance of works by contractors within the agreed deadlines and in the agreed standard;
- delay in obtaining an occupancy permit;
- delays in completing the documentation necessary to sign notarial deeds transferring ownership, issued by administrative bodies.

Should the above risk factor occur, the scale of the negative impact on the company's operations and financial standing could be quite significant. The Company assesses the probability of this risk as medium.

- risk of reduced availability of housing loans - The financial crisis and economic slowdown may adversely affect the liquidity and financial situation of apartment buyers, which in turn may result in a weakening of the demand for apartments offered by the company. Demand in the housing market is largely dependent on the availability of housing loans and the ability to service them. Due to the economic crisis caused by the Covid-19 pandemic, banks significantly changed their policy related to granting mortgage loans by tightening the criteria for assessing creditworthiness. In particular, a noticeable trend in the mortgage market is the temporary exclusion of income from certain types of economic activity (industries) when assessing creditworthiness, or a significant limitation by banks of access or the amount of credit in relation to people employed under civil law contracts. In this regard, it should also be mentioned that many banks have introduced a requirement to make a higher own contribution (lowering the LTV ratio), as well as increasing margins and commissions.

A possible decrease in the availability of housing loans as well as a deterioration in the creditworthiness of potential buyers of residential premises may have a negative impact on the company's revenues. Changes in the regulatory policy affecting banks 'creditworthiness assessment and banks' policies in this regard may cause a decrease in demand for new apartments, and thus may have a negative impact on the company's operations, development prospects, financial standing or results.

Should the above risk factor occur, the scale of the negative impact on the company's operations and financial standing could be significant. The Company estimates the probability of this risk as high.

- the risk related to the coronavirus pandemic (COVID-19) - In the development industry, the company also recognizes the risk of temporary hotel closings during a pandemic, which may translate into reduced demand for premises in the constructed aparthotels and condo hotels. residential real estate, which may result in a smaller number of contracts concluded in connection with the sale of these real estate, including reservation, preliminary and development contracts. In the opinion of the company, postponing the moment of their conclusion should not affect the results in the long term, but only in the coming months.

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

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

The company, however, stipulates that due to the unprecedented scale of the phenomenon and the dynamics of events, it is difficult to predict the further development of the situation and assess the impact of the potential effects of the pandemic, as well as assess possible scenarios for the behavior of major investors, customers, suppliers and subcontractors. The Management Board conducts activities aimed at adjusting the company's operations to the changing conditions, so as to safely ensure the continuation of operations. The Management Board also takes the necessary preventive actions in the scope of the projects it implements, as well as educational activities in relation to employees. At the same time, the management board responds to changing market conditions on an ongoing basis.

The factors described above may have a significant negative impact on the company's development prospects, results and financial standing.

- risk related to the initiatives of public authorities regarding condo hotels and aparthotels. As part of its property development activity, the entity offers and intends to offer the sale of premises in the future also in the condohotel and aparthotel model. The subject of the offer is the ownership of a non-residential premises, and the conclusion of a lease agreement for this premises with the entity that will operate the operator in a given hotel facility. In 2019, the Office of Competition and Consumer Protection (UOKiK), the Polish Financial Supervision Authority and the Ministry of Investment and Development launched an information campaign in which they warned about the risks associated with investing in rooms in aparthotels and condo hotels. Although the entity agrees with the theses presented in the campaign and sees the need to conduct it, the content of the messages raised concerns among consumers and customers of the company, and as a consequence may lead to a decline in interest in this type of offer. It cannot be ruled out that in the future further information campaigns or legislative initiatives will be launched, which will result in the lack of interest in the premises in condo hotels and aparthotels by customers or, as a result of the introduced security measures and restrictions, will make conducting this type of investment unprofitable.

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

Any failure to meet the obligations arising from the loan agreements or the terms of the bond issue may result in the maturity of debts before the originally scheduled repayment date and a significant deterioration of the financial liquidity of the entity. The above may result in the use by the bank or bondholders of the security specified in the loan agreements, including enforcement against real estate encumbered with a mortgage. Thus, there is a risk that real estate or other assets belonging to the company may be seized, with the consequent loss of some of the company's significant assets. The above-mentioned events may have a negative impact on the operations, financial condition and results of the company's operations. In order to prevent the occurrence of the indicated circumstances, the company performs an ongoing assessment of the debt status and controls the compliance with the covenants contained in the loan agreements and the terms of the bond issue.

- risk related to the change in the prices of premises as part of the development activity - the profitability of the development activity depends on the prices of the premises sold, over which the Company has no direct influence. The current level of prices is mainly influenced by the wealth of the society, the availability of loans, and the level of interest rates. In the period of lowering prices, the Company may significantly reduce the sale of built premises, and in extreme conditions suspend the implementation of selected projects. Such a situation, if it occurs, may have a negative impact on the financial result of the Company.

- liquidity risk - the company manages liquidity risk through financial planning, matching the maturity of assets to the maturity of liabilities and through the surplus of available sources of financing over the current needs of the Company. The relevant data on the maturity dates of financial assets and financial liabilities are presented in the financial statements.

- risk related to the concentration of activities on the local market - most of the investment projects in the field of development activities are located in the area of the Pomeranian Voivodeship. Concentration of activities on the local market causes dependence on the economic situation on the local market. As a consequence, the

Company has to compete with a large number of business entities serving the development market. Such local limitations make the Company's revenues largely dependent on the demand on the housing market. A large number of competitive residential investments may have an impact on the reduction of the Company's revenues. This translates directly into the financial result and development prospects of the Company in the future. In order to eliminate this risk, it plans to start development investments in other regions of Poland (Wrocław, Warsaw), which will allow greater independence from the situation on the local market and will contribute to the development of the Company. The company also focuses on strengthening its market position and increasing its competitive advantage by providing products of high quality and on time.

- risk of instability of the Polish tax system - the Polish tax system is subject to frequent amendments, inconsistency and the lack of a uniform interpretation of tax law provisions. These inaccuracies entail a significant risk related to the tax environment in which the Company operates. If the tax authorities question the tax settlements made by the Company, due to discrepancies or changes in interpretations or the inconsistent application of tax law by various tax administration authorities, it may result in the imposition of relatively high penalties or other sanctions on the Company. Taking into account the relatively long limitation period for tax liabilities, estimating the tax risk is particularly difficult, however, the fulfillment of the types of risk described above may have a significant negative impact on the business, financial condition or results of the Company's operations.

- risk related to the instability of the Polish legal system - the Polish legal system is subject to numerous changes that have a huge impact on the Company's operations. For her, the most important changes are the following legal regulations: - construction law, - commercial law, - tax law, - labor and social security law, - law established by local government units. The introduced legal changes may potentially pose a risk related to interpretation problems, lack of jurisprudence, unfavorable interpretations adopted by courts or public administration bodies. It should also be remembered that currently the interpretation of the provisions is made not only by Polish courts and public administration bodies, but also by the courts of the European Community. These changes may cause problems resulting directly from the lack of a uniform interpretation of the law. As the knowledge of the Community judicature is not common in Poland, and Polish courts do not always apply them, a situation may arise where a judgment issued in Poland is revoked as inconsistent with European law. A certain threat may be changes in legal regulations or its different interpretations. Inconsistency, lack of a uniform interpretation of legal provisions, frequent amendments and inconsistencies between the provisions of laws and executive acts entail a serious risk in running a business. Possible changes to the regulations may lead to negative consequences for the Company's operations. The entry into force of the new regulations on business transactions may be associated with interpretation problems, inconsistent jurisprudence of courts, unfavorable interpretations adopted by public administration bodies, etc. The related changes in legal regulations may have an impact on the legal environment of business operations, including the Company. In order to minimize the risk described above, the Company constantly monitors changes in the law and uses professional legal assistance.

The activities of the Company and its subsidiaries will be affected by the entry into force of the Act on the protection of the rights of the buyer of a flat or single-family house and the Development Guarantee Fund, adopted by the Parliament of the Republic of Poland on April 20, 2021 (as at the date of this report, the legislative process is pending - the Act transferred to the Senate of the Republic of Poland). The act provides, inter alia, increasing the burdens related to the running of development projects, including through the creation of the Developer Guarantee Fund, financed primarily from property developers' contributions.

- risks related to the bonds issued - in connection with the issued bonds, the Company's assets may be depleted, because due to default on the repayment of obligations, including interest payments, bondholders have grounds to enforce their early redemption, which may significantly reduce the current assets of the Company. It cannot be ruled out that, due to the failure to pay their obligations, bondholders - creditors may exercise their right to file a bankruptcy petition with the court. As at the date of publication of this document, the Company has no problems with the timely servicing of its debt obligations. As at the date of publication of this document, the Company does not identify any real risks related to the issued bonds. However, taking into account all the risks directly related to the operating activities, the Company does not rule out that in the future there may be problems with the timely repayment of obligations.

The achieved results will also be influenced by external, macroeconomic factors such as the general condition of the Polish economy, inflation, GDP growth dynamics, tax policy, the level of interest rates, the level of investments, the volume of demand on the internal market, exchange rates, government programs supporting the development of housing, shaping the price level of construction materials and services, availability of skilled workers, shaping the level of wages. The increase in GDP, the wealth of the society and the development of enterprises have an impact on the increase in demand for construction services, both in the field of housing and industrial construction. All this has a positive impact on the financial results of the Company.

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

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

10. Important assessments and judgements

The estimates of the Management Board of Dekpol Deweloper Sp. z o.o., 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.

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

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.

Lease – the Company as a lessee

The company is not a party to financial and operating lease agreements.

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 31st 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 1st of January 2020.

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 1st 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:

- Amendments to the Conceptual Framework in IRFS

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 1st of January 2020.

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

- Amendment to IRFS 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 31st of October 2018 and apply to annual periods beginning on or after 1st of January 2020.

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

- Amendments to IRFS 7, IRFS 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 1st 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 18th of May 2017, and its amendments were published on 25th of June 2020. After the amendment, it applies to annual periods beginning on or after 1st 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 1st 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 1st of January 2021.

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

With regards to 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 1st 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 1st 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 1st 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 1st 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 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 1st 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 1st 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 30th of January 2014 will not be approved.

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

STATEMENT OF FINANCIAL POSITION

Item	Note	31.12.2020	31.12.2019
Fixed assets		**81 029**	**73 133**
Property, plant and equipment	1.	404	3
Intangible assets		0	3
Goodwill	3.	0	0
Investment properties	2.	78 555	72 434
Stocks and shares		24	0
Receivables		1 100	0
Other long-term financial assets		0	0
Long-term deferred charges		0	0
Deferred income tax assets		946	694
Current assets		**256 974**	**367 604**
Inventory	6.	186 415	273 261
Receivables due to contracts with clients		0	0
Trade receivables and other receivables	7.	26 893	52 020
Other short-term financial assets		0	0
Short-term deferred charges	9.	1 744	5 065
Cash and cash equivalents		41 923	37 259
including cash on escrow accounts		19 016	27 635
Assets classified as held for sale		0	0
Assets in total		**338 003**	**440 737**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

STATEMENT OF THE FINANCIAL POSITION

Item	Note	31.12.2020	31.12.2019
Equity		**200 293**	**169 151**
Share capital		135 005	135 005
Equity from sales of shares over its nominal value		806	806
Other equities		40 675	7 810
Own shares (-)		0	0
Exchange differences from conversion		0	0
Reserve capital		0	0
Retained earnings:		23 807	25 530
Equity attributable to equity holders of the parent entity		**200 293**	**169 151**
Non-controlling shares		**0**	**0**
Long-term liabilities	**13.**	**28 830**	**75 522**
Deferred income tax provision		4 434	5 943
Liabilities and provisions on employee benefits		2	0
Other long-term provisions		0	0
Long-term credits, borrowings and debt instruments		24 365	57 653
Other long-term financial liabilities		0	0
Other long-term liabilities		30	11 926
Short-term liabilities	**13.2.**	**108 881**	**196 064**
Liabilities and provisions on employee benefits		0	0
Other short-term provisions		6 200	30
Short-term credits, borrowings and debt instruments		16	16 299
Other short-term financial liabilities		0	5
Liabilities due to contracts with clients		0	0
Trade and other liabilities		102 644	179 706
Receivables from future terms		20	24
Liabilities related to assets held for sale		**0**	**0**
Liabilities in total		**338 003**	**440 737**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

STATEMENT OF COMPREHENSIVE INCOME

CALCULATION VARIANT

Item	Note	01.01.-31.12.2020	01.01.-31.12.2019
Revenue from sales	16.1	275 734	72 383
Costs of goods sold	16.3.	218 643	56 776
Gross profit (loss) from sales		**57 091**	**15 607**
Selling costs	16.2.	17 195	7 110
General administrative expenses	16.2.	5 751	3 299
Other operating income	16.4.	9 613	21 567
Other operating expenses	16.5.	5 470	700
Operating profit (loss)		**38 288**	**26 065**
Financial revenues	17.1.	15	12
Measurement of financial instruments at fair value		0	0
Financial costs	17.2.	4 071	1 845
Measurement of financial instruments at fair value		0	0
Share in the profit (loss) of entities accounted for using the equity method		0	0
Profit (loss) before tax		**34 231**	**24 232**
Income tax		7 158	3 865
Profit (loss) from continuing operations		**27 074**	**20 367**
Net profit (loss)		27 074	20 367
Other net comprehensive income		0	0
Comprehensive income attributable to non-controlling shareholders		0	0
Comprehensive income attributable to equity holders of the parent entity		**27 074**	**20 367**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

CASH FLOW STATEMENT

(Intermediate method)

Item	01.01.-31.12.2020	01.01.-31.12.2019
Profit (loss) before tax	**34 231**	**24 232**
Adjustments:	**1 978**	**1 006**
Depreciation	17	61
Change of fair value of investment properties	0	0
Change in the fair value of financial assets (liabilities) valued by the result	0	0
Write-offs updating financial assets	0	0
Profit (loss) from sales of non-financial tangible assets	0	0
Profit (loss) from sales of financial assets (other than derivatives)	4	0
Profits (losses) from foreign exchange differences	0	0
Interests and shares in profits	1 956	944
Other adjustments	0	0
Change in working capital	**23 270**	**-43 447**
Change in inventories	86 846	-98 928
Change in receivables	24 027	-23 574
Change in liabilities	-95 341	78 322
Change in provisions and accruals	7 726	733
Other adjustments	12	0
Income tax paid	**0**	**0**
Net cash from operating activities	**66 637**	**-14 344**
Expenses related to acquisition of intangible assets	0	0
Inflows from sales of intangible assets	0	0
Expenses related to acquisition of property, plant and equipment	-396	-3
Inflows from sales of property, plant and equipment	0	0
Expenses related to acquisition of investment properties	0	-8 800
Inflows from sales of investment properties	0	0
Net expenses for the acquisition of subsidiaries	0	0
Repayments received from loans granted	0	0
Loans granted	0	0
Expenses related to acquisition of other financial assets	-24	0
Inflows from the sales of other financial assets	0	0
Interest received	0	0

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

Net cash from investment activities	**-420**	**-8 803**
Net inflows from issue of shares	0	0
Acquisition of own shares	0	0
Inflows from issue of debt securities	0	29 550
Redemption of debt securities	-8 500	0
Inflows from loans and borrowings taken out	8 166	41 842
Repayment of loans and borrowings	-45 668	-23 374
Repayment of liabilities under finance lease	0	0
Interest paid	-6 667	-1 645
Dividends paid	0	0
Inflows from received grants	0	0
Other inflows (expenses) from financial activities	-8 884	0
Net cash from financial activities	**-61 553**	**46 373**
Net change in cash and cash equivalents, net of foreign exchange differences	4 664	23 226
Change in cash and cash equivalents due to exchange rate differences	0	0
Change in net cash and cash equivalents	4 664	23 226
Cash and cash equivalents at the beginning of the period	**37 259**	**14 033**
Cash and cash equivalents at the end of the period	**41 923**	**37 259**
Including cash of limited disposal right	19 016	27 635

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

STATEMENT OF CHANGES IN EQUITY IN REPORTING PERIOD

Item	Share capital	Own shates (-)	Capital from the sale of shares above their nominal value	Reserve capital from retained earnings	Other capitals	Unallocated retained earnings	The capital of non-controlling shareholders	Exchange differences on the conversion of subordinated entities	Total
Balance at the beginning of the period	**135 005**	**0**	**806**	**0**	**12 973**	**20 367**	**0**	**0**	**169 151**
Error corrections of previous years	0	0	0	0	0	0	0	0	0
Balance at the beginning of the period after the changes	135 005	0	806	0	12 973	20 367	0	0	169 151
Issue of shares	0	0	0	0	0	0	4 068	0	4 068
Dividends	0	0	0	0	0	0	0	0	0
Transfer of financial result to capital	0	0	0	20 367	0	-20 367	0	0	0
Refund of cash contributions	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Revaluation reserve	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total transactions with the owners	**0**	**0**	**0**	**20 367**	**0**	**-20 367**	**4 068**	**0**	**4 068**
Net profit (loss)	0	0	0	0	0	27 074	0	0	27 074
Other total net income	0	0	0	0	0	3 440	0	0	0
Total income	**0**	**0**	**0**	**0**	**0**	**27 074**	**0**	**0**	**27 074**
Balance at the end of the period	**135 005**	**0**	**806**	**20 367**	**12 973**	**27 074**	**4 068**	**0**	**200 293**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand 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
Balance at the beginning of the period	**135 005**	**0**	**0**	**0**	**6 827**	**5 163**	**0**	**0**	**146 995**
Error corrections of previous years	0	0	0	0	0	0	0	0	0
Balance at the beginning of the period after the changes	135 005	0	0	0	6 827	5 163	0	0	146 995
Issue of shares	0	0	806	0	0	0	0	0	806
Dividends	0	0	0	0	0	0	0	0	0
Transfer of financial result to capital	0	0	0	0	5 163	-5 163	0	0	0
Refund of cash contributions	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Revaluation reserve	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total transactions with the owners	**0**	**0**	**0**	**0**	**5 163**	**-5 163**	**0**	**0**	**0**
Net profit (loss)	0	0	0	0	0	20 367	0	0	20 367
Other total net income	0	0	0	0	983	0	0	0	983
Total income	**0**	**0**	**0**	**0**	**0**	**20 367**	**0**	**0**	**20 367**
Balance at the end of the period	**135 005**	**0**	**806**	**0**	**12 973**	**20 367**	**0**	**0**	**169 151**

ADDITIONAL EXPLANATORY NOTES

1. PROPERTY, PLAND AND EQUIPMENT

1.1. PROPERTY, PLANT AND EQUIPMENT

Item	31.12.2020	31.12.2019
Land	0	0
Buildings and structures	0	0
Machines and technical devices	2	3
Vehicles	384	0
Other fixed assets	18	0
Fixed assets under construction	0	0
Advances in respect of tangible fixed assets	0	0
Net value of property, plant and equipment	**404**	**3**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

1.2. PROPERTY, PLANT AND EQUIPMENT IN THE REPORTING PERIOD

Item	Land	Buildings and structures	Machines and technical devices	Vehicles	Other fixed assets	Fixed assets under construction	Advances for fixed assets	Total
Gross carrying amount at the beginning of the period	**0**	**0**	**48**	**0**	**6**	**0**	**0**	**54**
Direct acquisitions	0	0	0	390	19	0	0	409
Adoption of fixed assets under construction	0	0	0	0	0	0	0	0
Increases due to business combinations	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
Decreases due to sales	0	0	0	0	0	0	0	0
Decreases due to liquidation	0	0	0	0	0	0	0	0
Other corrections	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Gross carrying amount at the end of the period	**0**	**0**	**48**	**390**	**25**	**0**	**0**	**463**
Accumulated amortization at the beginning of period	**0**	**0**	**-45**	**0**	**-6**	**0**	**0**	**-51**
Increase in depreciation for the period	0	0	-1	-6	-1	0	0	-8
Reclassifications	0	0	0	0	0	0	0	0
Decreases due to liquidation	0	0	0	0	0	0	0	0
Decreases due to sales	0	0	0	0	0	0	0	0
Other corrections	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Accumulated amortization at the end of period	**0**	**0**	**-46**	**-6**	**-7**	**0**	**0**	**-59**
Impairment allowances at the beginning of the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions during the period	0	0	0	0	0	0	0	0
Impairment allowances at the end of the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

Net value at end of period	**0**	**0**	**2**	**384**	**18**	**0**	**0**	**404**

1.3. PROPERTY, PLANT AND EQUIPMENT IN PREVIOUS REPORTING PERIOD

Item	Land	Buildings and structures	Machines and technical devices	Vehicles	Other fixed assets	Fixed assets under construction	Advances for fixed assets	Total
Gross carrying amount at the beginning of the period	**0**	**0**	**48**	**0**	**9**	**0**	**0**	**57**
Direct acquisitions	0	0	0	0	3	0	0	3
Adoption of fixed assets under construction	0	0	0	0	0	0	0	0
Increases due to business combinations	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
Decreases due to sales	0	0	0	0	-6	0	0	-6
Decreases due to liquidation	0	0	0	0	0	0	0	0
Other corrections	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Gross carrying amount at the end of the period	**0**	**0**	**48**	**0**	**6**	**0**	**0**	**54**
Accumulated amortization at the beginning of period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Increase in depreciation for the period	0	0	-45	0	-6	0	0	-51
Reclassifications	0	0	0	0	0	0	0	0
Decreases due to liquidation	0	0	0	0	0	0	0	0

Decreases due to sales	0	0	0	0	0	0	0	0
Other corrections	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Accumulated amortization at the end of period	**0**	**0**	**-45**	**0**	**-6**	**0**	**0**	**-51**
Impairment allowances at the beginning of the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions during the period	0	0	0	0	0	0	0	0
Impairment allowances at the end of the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net value at end of period	**0**	**0**	**3**	**0**	**0**	**0**	**0**	**3**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

2.INVESTMENT PROPERTIES

1.1. INVESTMENT PROPERTIES

Item	31.12.2020	31.12.2019
Land not leased	41 755	39 343
Real estate leased	36 800	33 091
Advances for investment properties	0	0
Net carrying amount	**78 555**	**72 434**

The real estate for rent consists of the real estate located in Wrocław at ul. Braniborska was determined on the basis of an appraisal by an independent appraiser for the value of PLN 36,800 thousand. zloty. For the purposes of the valuation, the comparative method was selected.
Property located in Gdańsk at Sobieszewska street with an area of 5.1666 ha, 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 April 13, 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 real estate remains investment real estate. 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.

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

1.2. 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	39 343	33 091	0	72 434
Increases due to item combinations	0	0	0	0
Property purchase	0	0	0	0
Other changes (reclassifications, transfers, etc.) (+/-)	0	0	0	0
Revaluation to fair value (+/-)	2 412	3 709	0	6 121
Investment properties at the end of the period	**41 755**	**36 800**	**0**	**78 555**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

1.3. 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	1 395	31 700	0	33 095
Increases due to item combinations	0	0	0	0
Property purchase	8 800	0	0	8 800
Other changes (reclassifications, transfers, etc.) (+/-)	9 335	0	0	9 335
Revaluation to fair value (+/-)	19 813	1 391	0	21 204
Investment properties at the end of the period	**39 343**	**33 091**	**0**	**72 434**

3. GOODWILL AND OTHER INTANGIBLE ASSETS

3.1. INTANGIBLE ASSETS

Item	31.12.2020	31.12.2019
Goodwill	0	0
Patents and licenses	0	0
Development costs	0	0
Other intangible assets	0	3
Intangible assets net	**0**	**3**

3.2. INTANGIBLE ASSETS IN REPORTING PERIOD

Item	Goodwill	Patents and licenses	Development costs	Other intangible assets	Total
Gross carrying amount at beginning of period	**0**	**0**	**0**	**5**	**5**
Acquisition	0	0	0	0	0
Decreases due to liquidation	0	0	0	0	0
Gross carrying amount at end of period	**0**	**0**	**0**	**5**	**5**
Accumulated amortization at beginning of period	0	0	0	-3	-3
Increase in depreciation for the	0	0	0	-3	-3

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

period					
Decreases due to liquidation	0	0	0	0	0
Accumulated amortization at end of period	**0**	**0**	**0**	**-5**	**-5**
Impairment allowances at the beginning of the period	**0**	**0**	**0**	**0**	**0**
Impairment allowances at the end of the period	**0**	**0**	**0**	**0**	**0**
Net value at the end of period	**0**	**0**	**0**	**0**	**0**

3.3. INTANGIBLE ASSETS IN PREVIOUS REPORTING PERIOD

Item	Goodwill	Patents and licenses	Development costs	Other intangible assets	Total
Gross carrying amount at beginning of period	**0**	**0**	**0**	**5**	**5**
Acquisition	0	0	0	0	0
Decreases due to liquidation	0	0	0	0	0
Gross carrying amount at end of period	**0**	**0**	**0**	**5**	**5**
Accumulated amortization at beginning of period	**0**	**0**	**0**	**0**	**0**
Increase in depreciation for the period	0	0	0	-3	-3
Decreases due to liquidation	0	0	0	0	0
Accumulated amortization at end of period	**0**	**0**	**0**	**-3**	**-3**
Impairment allowances at the beginning of the period	**0**	**0**	**0**	**0**	**0**
Impairment allowances at the end of the period	**0**	**0**	**0**	**0**	**0**
Net value at the end of period	**0**	**0**	**0**	**3**	**3**

4. STOCKS AND SHARES

Stocks and shares	Headquarter	Value without write-offs		% of owned shares / % of votes held	
Unit name		**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k.	Pinczyn	6 770	3 165	100%	100%
Dekpol Inwestycje Sp. z	Pinczyn	28 319	28 619	100%	100%

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

o.o. Pastelowa Sp.k.					
Dekpol Inwestycje Sp. z o.o. Development Sp.k.	Pinczyn	5 213	8 213	100%	100%
Dekpol Pszenna Sp. z o.o. Sp.k.	Pinczyn	6 413	41 974	100%	100%
Dekpol Pszenna Sp. z o.o.	Pinczyn	5	5	100%	100%
Dekpol Inwestycje Sp. z o.o. Braniborska Sp.k.*	Wrocław	0,00	0,5	0%	42%
Dekpol Inwestycje Sp. z o.o. Myśliwska Sp.k.	Pinczyn	4 039	12 457	100%	100%
Smartex Sp. z o.o.	Wrocław	6 017	6 017	100%	100%
Dekpol Inwestycje Sp. z o.o.	Pinczyn	5	5	100%	100%
Smartex Zb. Korzeniowski	Wrocław	8 884	8 884		
Dekpol Inwestycje Sp. z o.o. Grano Resort Sp.k.	Pinczyn	2 801	1	100%	100%
Dekpol Inwestycje Sp. z o.o. Sol Marina Sp.k	Pinczyn	22 001	1	100%	100%
Dekpol Inwestycje Sp. z o.o. Neo Jasień Sp.k.	Pinczyn	1 701	1	100%	100%
Dekpol Inwestycje Sp. z o.o. WBH Sp.k.	Pinczyn	301	1	100%	100%
Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp.k.	Pinczyn	5 201	1	100%	100%
Nordic Milan Sp. z o.o.	Pinczyn	2 900	2 900	100%	100%
Mineral Group		24	0,00		
Total:		**100 594**	**112 244,5**		

There are shares in associated companies with a total value of PLN 24.000, namely Dekpol Deweloper sp.z o.o. holds shares in Mineral Group sp. zo.o. worth PLN 24.000.

* Until 22nd 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 22nd of December2020, 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 21st 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 22nd of December 2020, the shares of Dekpol

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

Deweloper were taken over by Smartex Sp. z o.o. in 89.4% of shares and Zbigniew Andrzej Korzeniowski in 10.5% of shares.

On 8th 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.

5.OTHER FINANCIAL ASSETS

5.1. OTHER FINANCIAL ASSETS

Item	31.12.2020	31.12.2019
Derivatives	0	0
Other long-term financial assets	0	0
Long-term granted loans	0	0
Other long-term financial assets	**0**	**0**
Short-term loans	0	0
Units in Open Investment Funds	0	0
Other short-term financial assets	**0**	**0**
Other short-term financial assets	**0**	**0**

6. INVENTORIES

6.1. STRUCTURE OF INVENTORIES

Item	31.12.2020	31.12.2019
Materials balance values	2	8
Goods balance values	0	0
Finished products balance values	0	0
Semi-finished products and work in progress balance value	0	0
Premises under construction balance value	152 419	219 805
Finished premises balance value	33 993	53 447
Inventories	**186 415**	**273 261**

6.2. INVENTORY WRITE-OFFS

Item	31.12.2020	31.12.2019
Inventory write-offs at the beginning of period	0	0
Inventory write-offs created in period	0	0
Inventory write-offs reversal in period (-)	0	0
Inventory write-offs other changes	0	0
Inventory write-offs at the end of period	**0**	**0**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

7. LONG-TERM RECEIVABLES

7.1. LONG-TERM RECEIVABLES

Item	31.12.2020	31.12.2019
Deposits from construction services	0	0
Deposits from other titles	0	0
Other receivables	1 100	0
Receivable write-offs (-)	0	0
Long-term receivables	**1 100**	**0**

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
Status at the end of period	**0**	**0**

7.3. SHORT-TERM RECEIVABLES

Item	31.12.2020	31.12.2019
Receivables due to contracts with clients net	10 139	25 662
Current income tax receivables	0	5
Receivables due to other taxes, duties and social security	7 677	7 438
Deposits from construction services balance value	0	0
Deposits from other titles	0	0
Prepay and advance payment balance value	8 185	6 858
Other receivables balance value	891	12 057
Receivables from dividend - short-term	0	0
Trade receivables and other receivables	**26 893**	**52 020**

7.4. SHORT-TERM RECEIVABLES WRITE-OFFS

Item	31.12.2020	31.12.2019
Status at the beginning of period	0	0
Write-offs terminated added as income in period (-)	0	0

Write-offs used (-)	0	0
Write-offs as cost in period	0	0
Other changes (net FX differences from settlement)	0	0
Status at the end of period	**0**	**0**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

7.5. STRUCTURE OF PAYABLES IN REPORTING PERIOD

Item	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term receivables	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Trade receivables	2 616	7 523	0	0	0	0	0	0	10 139
Prepayments and payables	0	8 185	0	0	0	0	0	0	8 185
Deposits from construction services	0	0	0	0	0	0	0	0	0
Deposits from other titles	0	0	0	0	0	0	0	0	0
Receivables due to taxes	0	0	0	0	0	0	0	0	0
Receivables due to other taxes	0	7 677	0	0	0	0	0	0	7 677
Other receivables	0	892	0	0	0	0	0	0	892
Receivables in total	**2 616**	**24 277**	**19**	**0**	**0**	**0**	**0**	**0**	**26 893**

7.6. STRUCTURE OF PAYABLES IN PREVIOUS REPORTING PERIOD

Item	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term receivables	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Trade receivables	6 360	19 302	0	0	0	0	0	0	25 662
Prepayments and payables	0	6 858	0	0	0	0	0	0	6 858
Deposits from construction services	0	0	0	0	0	0	0	0	0
Deposits from other titles	0	0	0	0	0	0	0	0	0
Receivables due to taxes	0	5	0	0	0	0	0	0	5
Receivables due to other taxes	0	7 399	39	0	0	0	0	0	7 438
Other receivables	0	12 057	0	0	0	0	0	0	12 057
Receivables in total	**6 360**	**45 621**	**39**	**0**	**0**	**0**	**0**	**0**	**52 020**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand 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	7 523	0	2 505	13	87	11	10 139
Prepayments and payables	8 185	0	0	0	0	0	8 185
Deposits from construction services	0	0	0	0	0	0	0
Deposits from other titles	0	0	0	0	0	0	0
Receivables due to taxes	0	0	0	0	0	0	0
Receivables due to other taxes	7 677	0	0	0	0	0	7 677
Other receivables	892	0	0	0	0	0	892
Overdue receivables	**24 277**	**0**	**2 505**	**13**	**87**	**11**	**26 893**

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	19 302	74	6 273	4	9	0	25 662
Prepayments and payables	6 858	0	0	0	0	0	6 858
Deposits from construction services	0	0	0	0	0	0	0
Deposits from other titles	0	0	0	0	0	0	0
Receivables due to taxes	5	0	0	0	0	0	5
Receivables due to other taxes	7 438	0	0	0	0	0	7 438
Other receivables	12 057	0	0	0	0	0	12 057
Overdue receivables	**45 660**	**74**	**6 273**	**4**	**9**	**0**	**52 020**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

8. CASH

8.1. CASH SPECIFICS

Item	31.12.2020	31.12.2019
Bank accounts	41 923	37 253
Cash of limited disposal rights	19 016	27 635
Cash in deposit	0	6
Short-term deposits	0	0
Other cash and cash equivalent	0	0
Cash and cash equivalents	**41 923**	**37 259**

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	3	1
Guarantees	0	0
Provisions from sale of premises	192	840
Other	1 549	4 224
Deferred charges in total	**1 744**	**5 065**

10. EQUITIES

10.1. SHARE CAPITAL

Item	31.12.2020	31.12.2019
Number of shares	0	0
Nominal value of the share (PLN)	0	0
Share capital	**135 005**	**135 005**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

11. PROVISIONS

11.1.PROVISION SPECIFICS

Item	31.12.2020	31.12.2019
Provisions for unused holidays	113	0
Provisions for court litigations	0	0
Provisions for losses on construction contracts	0	0
Provisions for guarantee repairs	0	0
Other provisions	6 088	30
Other short-term provisions	**6 200**	**30**
Provisions for retirement benefits - short-term	0	0
Provisions for employee benefits - short-term	0	0
Provisions for retirement benefits - long-term	2	0
Provisions for employee benefits - long-term	2	0
Other long-term provisions	0	0
Provisions	**6 202**	**30**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand 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	0	0	0	0	0	30	30
Increase of provisions accounted as cost in period	2	113	0	0	0	6 084	6 199
Utilization of provisions accounted as revenue in period (-)	0	0	0	0	0	0	0
Utilization of provisions (-)	0	0	0	0	0	-27	-27
Increase by merger of entities	0	0	0	0	0	0	0
Reclassifications and other changes	0	0	0	0	0	0	0
Status as of the end of period	**2**	**113**	**0**	**0**	**0**	**6 088**	**6 202**

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	0	0	0	0	0	74	74
Increase of provisions accounted as cost in period	0	0	0	0	0	30	30
Utilization of provisions accounted as revenue in period (-)	0	0	0	0	0	0	0
Utilization of provisions (-)	0	0	0	0	0	-74	-74
Increase by merger of entities	0	0	0	0	0	0	0
Reclassifications and other changes	0	0	0	0	0	0	0
Status as of the end of period	**0**	**0**	**0**	**0**	**0**	**30**	**30**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

12. FINANCIAL LIABILITIES

12.1. SPECIFICATION OF FINANCIAL LIABILITIES

Item	31.12.2020	31.12.2019
Other long-term financial liabilities	0	0
Loans and borrowings	3 308	28 004
Long-term debt-instruments	21 056	29 650
Long-term financial liabilities	**24 364**	**57 654**
Other short-term financial liabilities	0	5
Loans, borrowings and short-term debt-instruments	16	16 300
Short-term financial liabilities	**16**	**16 305**
Financial liabilities in total	**24 380**	**73 959**

On 19th of June 2019, the Management Board of Dekpol Deweloper Sp. z o.o. adopted a resolution to issue series A bonds with a total nominal value of up to PLN 30 million. On 19th of June 2019, the Management Board of Dekpol Deweloper Sp. z o.o. also adopted a resolution to allocate 30,000 series A bonds with a nominal value of PLN 1,000 each and a total nominal value of PLN 30 million. The bonds were issued at an issue price of PLN 985 each. The bonds are secured bearer securities, not in the form of a document, with an interest rate equal to the WIBOR 6M rate and a margin. Interest is payable in six-month periods. Only cash benefits are payable on the bonds. The redemption of the bonds will take place on 19th of June 2022, with the proviso that the Company is obliged to perform the compulsory amortization of 8,500 bonds on the date of payment of interest for the third interest period. Moreover, the Company may demand early redemption of bonds on each of the interest payment days, starting from the third interest period, paying in such a case a specific premium on this account (0-2% of the value of the redeemed bonds). The bondholder may request early redemption of the bonds in the event of inter alia the Capital Group of the Company exceeds certain debt ratios. The funds from the bond issue were allocated to the Company's day-to-day operations, in particular to finance the purchase of land in Wiślinka.

As at 31st of December 2020, Dekpol Deweloper sp.z o.o. has debt due to the issue of series A bonds in the amount of PLN 21,055,968.94. On 17th of December 2020, the Company redeemed 8,500 bonds with a nominal value of PLN 1,000 each. On 19th of December 2020, the Company compulsorily depreciated 8,500 bonds.

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

Bonds (nominal value):

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

	Collateral
series A 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
Long-term					
series A bonds (Dekpol Deweloper Sp. z o.o.)	21 500	21 500	PLN	WIBOR 6M+ margin	19.06.2022
Long-term bonds in total		**21 500**	**PLN**	**-**	**-**
Short-term					
series A bonds (Dekpol Deweloper Sp. z o.o.)	8 500	8 500	PLN	WIBOR 6M+ margin	19.12.2020
Short-term bonds in total		**8 500**	**PLN**	**-**	**-**

	Collateral
series A bonds (Dekpol Deweloper Sp. z o.o.)	guarantee

The value of capitalized interest as at the balance sheet date is PLN 65 thousand.

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand 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	0	0	21 056
Long-term borrowings	0	0	3 308	0	0	3 308
Long-term loans	0	0	0	0	0	0
Long-term leases	0	0	0	0	0	0
Short-term derivative liabilities	0	0	0	0	0	0
Short-term leases	0	0	0	0	0	0
Short-term bonds	0	0	0	0	0	0
Short-term borrowings	0	16	0	0	0	16
Short-term loans	0	0	0	0	0	0
Financial liabilities - due	**0**	**16**	**24 364**	**0**	**0**	**24 380**

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	29 650	0	0	29 650
Long-term borrowings	0	0	0	28 004	0	28 004
Long-term loans	0	0	0	0	0	0
Long-term leases	0	0	0	0	0	0
Short-term derivative liabilities	0	5	0	0	0	5
Short-term leases	0	0	0	0	0	0
Short-term bonds	0	0	0	0	0	0
Short-term borrowings	0	2 526	0	0	0	2 526
Short-term loans	0	13 773	0	0	0	13 773
Financial liabilities - due	**0**	**16 304**	**29 649**	**28 004**	**0**	**73 959**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

13. TRADE LIABILITIES

13.1. LONG-TERM LIABILITIES

Item	31.12.2020	31.12.2019
Deposits received	30	2 000
Other liabilities (long-term)	0	9 926
Other long-term liabilities	**30**	**11 926**

13.2. SHORT-TERM LIABILITIES

Item	31.12.2020	31.12.2019
Liabilities from deliveries and services	33 080	20 189
Payroll liabilities	130	137
Liabilities due to current income tax	0	0
Liabilities due to other taxes, duties and social securities	780	2 240
Short-term deposits received	2	0
Prepayments and deposits received for supplies	68 572	156 517
Other short-term liabilities	81	622
Trade and other liabilities	**102 644**	**179 706**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand 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	30	0	0	30
Other long-term liabilities – other titles	0	0	0	0	0	0	0	0	0
Long-term liabilities	**0**	**0**	**0**	**0**	**0**	**30**	**0**	**0**	**30**
Trade liabilities	1 150	27 376	4 547	4	3	0	0	0	33 080
Prepayments and deposits received for supplies	5	642	0	12 880	55 045	0	0	0	68 572
Short-term received bails	0	2	0	0	0	0	0	0	2
Liabilities due to current income tax	0	0	0	0	0	0	0	0	0
Liabilities due to other taxes	0	780	0	0	0	0	0	0	780
Liabilities due to remunerations	0	130	0	0	0	0	0	0	130
Other short-term liabilities	0	81	0	0	0	0	0	0	81
Short-term liabilities	**1 155**	**29 011**	**4 547**	**12 885**	**55 047**	**0**	**0**	**0**	**102 644**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand 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	2 000	0	0	2 000
Other long-term liabilities – other titles	0	0	0	0	0	9 926	0	0	9 926
Long-term liabilities	**0**	**0**	**0**	**0**	**0**	**11 926**	**0**	**0**	**11 926**
Trade liabilities	917	19 245	27	0	0	0	0	0	20 189
Prepayments and deposits received for supplies	0	20 635	0	0	131 880	4 002	0	0	156 517
Short-term received bails	0	0	0	0	0	0	0	0	0
Liabilities due to current income tax	0	0	0	0	0	0	0	0	0
Liabilities due to other taxes	0	2 240	0	0	0	0	0	0	2 240
Liabilities due to remunerations	0	137	0	0	0	0	0	0	137
Other short-term liabilities	0	622	0	0	0	0	0	0	622
Short-term liabilities	**917**	**42 879**	**27**	**0**	**131 880**	**4 002**	**0**	**0**	**179 705**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand 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	31 930	1 011	41	20	51	27	33 080
Prepayments and deposits received for supplies	68 567	0	5	0	0	0	68 572
Short-term received bails	2	0	0	0	0	0	2
Liabilities due to current income tax	0	0	0	0	0	0	0
Liabilities due to other taxes	780	0	0	0	0	0	780
Liabilities due to remunerations	130	0	0	0	0	0	130
Other short-term liabilities	81	0	0	0	0	0	81
Short-term liabilities	**101 490**	**1 011**	**46**	20	**51**	**27**	**102 644**

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	19 272	565	99	5	37	211	20 189
Prepayments and deposits received for supplies	156 517	0	0	0	0	0	156 517
Short-term received bails	0	0	0	0	0	0	0
Liabilities due to current income tax	0	0	0	0	0	0	0
Liabilities due to other taxes	2 240	0	0	0	0	0	2 240
Liabilities due to remunerations	137	0	0	0	0	0	137
Other short-term liabilities	622	0	0	0	0	0	622
Short-term liabilities	**178 788**	**565**	**99**	**5**	**37**	**211**	**179 705**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

14. DEFERRED INCOME BALANCE

14.1. SPECIFICATION OF DEFERRED INCOME IN REPORTING PERIOD

Item	Short-term	Long-term	Total
Grants received	0	0	0
Deferred charges	20	0	20
Other charges	0	0	0
Liabilities – deferred charges in total	**20**	**0**	**20**

14.2. SPECIFICATION OF DEFERRED INCOME IN PREVIOUS REPORTING PERIOD

Item	Short-term	Long-term	Total
Grants received	0	0	0
Deferred charges	24	0	24
Other charges	0	0	0
Liabilities – deferred charges in total	**24**	**0**	**24**

15. ASSETS HELD FOR SALE AND DICONTINUED OPERATIONS

Assets held for sale and discontinued operations did not occur.

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand 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	271 610	67 199
Revenues from sales of services	4 124	5 184
Revenues from sales of goods and materials	0	0
Sales revenues	**275 734**	**72 383**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

16.2.COSTS BY TYPE

Item	01.01.-31.12.2020	01.01.-31.12.2019
Cost of goods and materials sold	0	0
Remuneration	2 417	2 688
Depreciation	17	61
Employee benefits	477	411
Consumption of materials and energy	3 917	24 343
Outsourced services	145 153	129 514
Taxes and fees	1 230	1 196
Other costs by type	1 934	3 067
Costs by type	155 145	161 281
Administrative expenses	-5 751	-3 299
Selling costs	-17 195	-7 110
Own work capitalized	894	23 884
Movements in the balance of products	85 550	-117 980
Own selling cost	**218 643**	**56 776**

16.3.OWN SELLING COST

Item	01.01.-31.12.2020	01.01.-31.12.2019
Cost of product sold	212 271	45 325
Cost of services sold	6 373	11 451
Cost of goods and materials sold	0	0

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

Own selling cost	**218 643**	**56 776**

16.4. OTHER OPERATING REVENUES

Item	01.01.-31.12.2020	01.01.-31.12.2019
Profit on disposal of non-financial fixed assets	0	0
Re-invoices	0	0
Pricing of investment properties to its fair value	6 121	21 204
Release of provisions	0	0
Fines and compensations	235	123
Grants	0	0
Overdue liabilities	0	0
Scrap yield	0	0
Bonus from turnover	0	0
Surplus stock	0	0
Other titles	754	240
Write-offs for inventories reversal in period (-)	0	0
Impairment write-offs on receivables reversal in period (-)	2 503	0
Other operating revenues	**9 613**	**21 567**

16.5. OTHER OPERATING COSTS

Item	01.01.-31.12.2020	01.01.-31.12.2019
Write-offs for inventories creation in period	0	0
Pricing of investment properties to its fair value	0	0
Establishment of provisions	0	15

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

Cost related to acquisition of subsidiaries	0	0
Cost of defects repairs and scrap page	0	0
Donations	67	0
Bonus from turnover	0	0
Inventory deficits	0	0
Receivables	0	0
Contractual penalties	9	0
Other titles	2 681	647
Material losses	0	0
Court litigation costs	0	0
Re-invoicing costs	0	0
Compensations	209	38
Impairment write-offs on receivables creation in period	2 503	0
Loss on disposal of non-financial fixed assets	0	0
Other operating costs	**5 470**	**700**

17. FINANCIAL REVENUES AND EXPENSES

17.1. FINANCIAL REVENUES

Item	01.01.-31.12.2020	01.01.-31.12.2019
Interests	15	12
Profit from sale of financial assets	0	0
Dividends	0	0
Reversal of write-offs	0	0

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

Other financial revenues	0	0
Surplus of positive exchange differences over the negative ones	0	0
Pricing of financial instruments at fair value	**0**	**0**
Financial revenues	**15**	**12**

17.2. FINANCIAL EXPENSES

Item	01.01.-31.12.2020	01.01.-31.12.2019
Other financial costs	1 745	160
Interests	2 326	1 685
Write-offs	0	0
Loss from sale of financial assets	0	0
Surplus of negative exchange differences over the positive ones	0	0
Pricing of financial instruments at fair value	**0**	**0**
Financial expenses	**4 071**	**1 845**

18. INCOME TAX

18.1. INCOME TAX

Item	01.01.-31.12.2020	01.01.-31.12.2019
Current income tax	6 890	377
Deferred income tax	267	3 487
Income tax	**7 157**	**3 864**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand 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
Profit (loss) before tax	**34 231**	**24 232**
Probable income tax	6 504	4 604
Fees for PFRON	0	0
Dividends	0	0
Representation costs	0	0
Costs of penalties and mandates	0	0
Other costs	180	-20
Reconciliation of differences that permanently do not constitute tax deductible costs	180	-20
Income tax not included in the asset and reserve for deferred income tax	473	-720
Deduction of income tax	0	0
Income tax recognized in financial result	**7 157**	**3 864**

19. DEFERRED INCOME TAX

19.1. DEFERRED INCOME TAX

Item	01.01.-31.12.2020	01.01.-31.12.2019
Assets and provisions due to deferred income tax per balance at the beginning of the period	**5 249**	**0**
Other comprehensive income (+/-)	0	0
Accounting for a business combination	0	0
Financial result (+/-)	-1 509	5 249
Other (including net exchange differences on translation)	-252	0

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

Assets and provisions due to deferred income tax per balance at the end of the period	**3 488**	**5 249**
Assets due to deferred income tax	946	694
Provision due to deferred income tax	4 434	5 943

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	0	0	0	0
Assets write-offs	0	0	0	0
Other titles as a basis for establishment of assets for deferred income tax	156	765	0	921
Provisions for employee benefits	0	22	0	22
Other provisions	538	-535	0	3
Other liabilities	0	0	0	0
Deferred income tax assets	**694**	**252**	**0**	**946**

19.3 DEFERRED INCOME TAX ASSETS IN PERVIOUS REPORTING PERIOD

Item	Balance at the beginning of period	Financial result	Other comprehensive income	Total
Pricing of liabilities in revised purchase price	0	0	0	0
Assets write-offs	0	0	0	0
Other titles as a basis for establishment of assets for deferred income tax	1	155	0	156
Provisions for employee benefits	0	0	0	0
Other provisions	0	538	0	538

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

Other liabilities	0	0	0	0
Deferred income tax assets	**1**	**693**	**0**	**694**

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	4 029	1 163	0	0	5 192
Depreciation of fixed assets	0	0	0	0	0
Trade receivables	0	0	0	0	0
Construction contracts	0	0	0	0	0
Other titles as a basis for establishment of assets for deferred income tax	1 914	-2 672	0	0	-758
Pricing of liabilities in revised purchase price	0	0	0	0	0
Overestimation of financial assets (positive differences)	0	0	0	0	0
Deferred income tax provision	**5 943**	**-1 509**	**0**	**0**	**4 434**

19.5. DEFERRED INCOM 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	0	4 029	0	0	4 029
Depreciation of fixed assets	0	0	0	0	0
Trade receivables	0	0	0	0	0
Construction contracts	0	0	0	0	0
Other titles as a basis for establishment of assets for deferred income tax	0	1 914	0	0	1 914

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

Pricing of liabilities in revised purchase price	0	0	0	0	0
Overestimation of financial assets (positive differences)	0	0	0	0	0
Deferred income tax provision	**0**	**5 943**	**0**	**0**	**5 943**

20. FINANCIAL INSTRUMENTS

20.1. FINANCIAL INSTRUMENTS – ASSETS

Item	31.12.2020	31.12.2019
Long-term receivables	1 100	0
Trade receivables and other receivables	26 893	52 020
Receivables from contracts with customers, net	10 139	25 662
Dividend receivables - short-term	0	0
Receivables evaluated at nominal value	**27 993**	**52 020**
Loans and receivables	0	0
Shares and shares in entities	0	0
Shares and stocks in subsidiaries	0	0
Shares and stocks in associates and jointly controlled entities	**24**	**0**
Assets evaluated at fair value through financial result	0	0
Cash and cash equivalents	**41 923**	**37 259**
Financial assets available for sale	0	0
Financial assets held to maturity	0	0
Financial assets	**69 940**	**89 279**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

20.2. FINANCIAL INSTRUMENTS - LIABILITIES

Item	31.12.2020	31.12.2019
Liabilities evaluated at depreciated cost	24 381	73 952
Liabilities evaluated at fair value through financial result	0	0
Liabilities evaluated at nominal value	102 674	191 631
Financial liabilities	**127 054**	**265 583**

21. RISK OF FINANCIAL INSTRUMENTS

21.1. EXPOSURE ON FX RISK IN REPORTING PERIOD

Item	PLN	EUR	Other	Total
Loans and own receivables (valued in the APP)	0	0	0	0
Trade receivables and other financial receivables	27 795	198	0	27 993
Other financial assets	24	0	0	24
Cash and cash equivalents	41 923	0	0	41 923
Derivatives	0	0	0	0
Financial assets (+):	**69 742**	**198**	**0**	**69 940**
Loans, borrowings and other debt instruments	24 380	0	0	24 380
Financial lease	0	0	0	0
Trade liabilities and other financial liabilities	108 910	0	0	108 910
Derivatives	0	0	0	0
Financial liabilities (-):	**133 290**	**0**	**0**	**133 290**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

21.2. EXPOSURE ON FX RISK IN PREVIOUS REPORTING PERIOD

Item	PLN	EUR	Other	Total
Loans and own receivables (valued in the APP)	0	0	0	0
Trade receivables and other financial receivables	52 020	0	0	52 020
Other financial assets	0	0	0	0
Cash and cash equivalents	37 259	0	0	37 259
Derivatives	0	0	0	0
Financial assets (+):	**89 279**	**0**	**0**	**89 279**
Loans, borrowings and other debt instruments	73 952	0	0	73 952
Financial lease	0	0	0	0
Trade liabilities and other financial liabilities	179 706	0	0	179 706
Derivatives	0	0	0	0
Financial liabilities (-):	**253 658**	**0**	**0**	**253 658**

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)	52 664	8 104	60 767
Short-term financial liabilities (evaluated in APP)	0	16	16
Loans and own receivables (evaluated in APP)	31 608	4 795	36 403

Interest rate risk

Deweloper Group finances its activities, among others using variable interest rate debt (including working capital loans and bonds). Therefore, it is exposed to interest rate risk. In case 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.

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

21.4. EXPOSURE ON INTEREST RATE RISK IN PREVIOUS REPORTING PERIOD

Item	Variable interest rate	Fixed interest rate	Total
Long-term financial liabilities (evaluated in APP)	62 618	25 568	88 186
Short-term financial liabilities (evaluated in APP)	13 773	2 526	16 299
Loans and own receivables (evaluated in APP)	29 333	1 200	30 533

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

22. OPERATING SEGMENTS

22.1. REVNUES, RESULTS AND OTHER IN REPORTING PERIOD

Item	Property development	Other	Total
Sales revenues in total	275 734	0	275 734
Other operating revenues	9 613	0	9 613
Other operating expenses	5 469	0	5 469
Operating expenses in total	241 589	0	241 589
Financial revenues	**38 289**	**0**	**38 289**
Financial expenses	14	0	14
Income tax	4 071	0	4 071
Net result	7 158	0	7 158
Financial revenues	**27 074**	**0**	**27 074**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

22.2. REVENUES, RESULT AND OTHER IN PREVIOUS REPORTING PERIOD

Item	Property development	Other	Total
Sales revenues in total	72 383	0	72 383
Other operating revenues	21 567	0	21 567
Other operating expenses	700	0	700
Operating expenses in total	67 185	0	67 185
Financial revenues	**26 065**	**0**	**26 065**
Financial expenses	12	0	12
Income tax	1 845	0	1 845
Net result	3 864	0	3 864
Financial revenues	**20 367**	**0**	**20 367**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

22.3. GEOGRAPHICAL STRUCTURE

Item	31.12.2020	31.12.2019
Poland	275 734	72 383
European Union	0	0
Other countries	0	0
Sales revenues	**275 734**	**72 383**
Poland	338 003	440 737
European Union	0	0
Other countries	0	0
Assets	**338 003**	**440 737**

23. TRANSACTIONS WITH AFFILIATES

24.1. BENEFITS FOR MANAGERIAL STAFF

Item	31.12.2020	31.12.2019
Short-term employee benefits	0	0
Benefits from termination of work agreements	0	0
Payments in form of own shares	0	0
Other benefits	219	120
Other benefits - services provided in person *	1 093	954
Benefits for managerial staff	**1 265**	**1 766**

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

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	0	0
Revenue from interest	0	0	0	0	0
Net sales (without VAT)	0	0	0	0	0
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	234	234
Long-term liabilities	0	0	0	0	0
Dividends granted	0	0	0	0	0
Dividends paid	0	0	0	0	0
Total	**0**	**0**	**0**	**234**	**234**

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	0	0
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	102	102
Long-term liabilities	0	0	0	0	0
Dividends granted	0	0	0	0	0
Dividends paid	0	0	0	0	0
Total	**0**	**0**	**0**	**102**	**102**

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

25. OTHER INFORMATION

25.1. AVERAGE NUMBER OF FTE'S

Item	31.12.2020	31.12.2019
White-collar employees	18,25	20
Blue-collar employees	0	0
Average number of FTE's	**18,25**	**20**

25.2. AUDITOR'S REMUNERATION

Item	31.12.2020	31.12.2019
Audit of annual financial statements	19,90	11,90
Review of financial statements	0	0
Tax advisory	0	0
Other services	0	0
Auditor's remuneration in total	**19,90**	**11,90**

26. EVENTS AFTER BALANCE SHEET DATE

On 15th of January 2021, the Management Board of Dekpol Deweloper Sp. z o.o. adopted a resolution on the issue of series B bonds with a total nominal value of no more than PLN 15 million. On 1st of February 2021, the Management Board of Dekpol Deweloper Sp. z o.o. adopted a resolution on the allocation of series B bonds. The Management Board decided to allocate 10,000 series B 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 10 million in accordance with the allocation list established by Michael / Strom Dom Maklerski S.A. with headquarters in Warsaw acting as an offeror. The bonds were issued at an issue price of PLN 1,000 each. The bonds are secured, non-document bearer securities bearing interest at an interest rate equal to WIBOR 6M and a margin. Interest is payable in six-month periods. Only cash benefits are payable under the bonds. The redemption of the bonds will take place on 1st of August 2024. Moreover, the Company may demand early redemption of the bonds on each of the interest payment days, starting from the third interest period, paying a specific premium on this account (0-1.25% of the value of the redeemed bonds).

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

The bondholder may request early redemption of the bonds in case of inter alia the Group's capital group exceeds certain debt ratios. The funds from the bond issue were allocated to the Company's day-to-day operations, in particular to finance the purchase of land.

Property located in Gdańsk at Sobieszewska street with an area of 5,1666 ha, the land and mortgage register KW GD1G / 00106869/5 changed its purpose from real estate related to property 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 13th of April 2021, the property was transferred in kind from Dekpol Deweloper Sp. z o.o. to Dekpol Inwestycje Sp. z o.o. Grano Resort Sp. k. The real estate remains investment real estate. 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 ha, land and mortgage register KW GD1G / 00102087/1 remains an investment property. On 8th of April 2021, the real estate was transferred in-kind from Dekpol Deweloper Sp. z o.o. to Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp. k. and did not change its destination. The value of the property was determined on the basis of an appraisal by an independent appraiser using a comparative approach.

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	0	0
Granted guarantees of satisfactory performance of contracts - banking	0	0
Granted guarantees and sureties of repayment of financial liabilities	0	0

Consolidated financial statement Deweloper for the period 01.01.2020 - 31.12.2020 (data in thousand PLN)

Court litigations	0	0
Other conditional liabilities	72 443	0
Conditional liabilities towards non-affiliates	72 443	0
Conditional liabilities	**72 443**	**0**
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	45 000	0
Received guarantees of satisfactory performance of contracts from non-affiliates - banking	0	0
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	45 000	0
Conditional assets	**45 000**	**0**

26. EARNINGS PER SHARE

Not applicable.

Signatures of all Members of the Management Board:

Sebastian Barandziak – President of the Management Board

Sebastian Leszczyński – Vice-President of the Management Board

Rafał Dietrich – Member of the Management Board

Signature of person responsible for bookkeeping

Anna Miksza - Chief Accountant Officer