



REPORT OF MANAGEMENT BOARD
ON BUSINESS ACTIVITIES OF THE
DEKPOL CAPITAL GROUP
IN H1 2022

Pinczyn, 29th of September 2022



TABLE OF CONTENTS

TABLE OF CONTENTS.....	2
1. SELECTED FINANCIAL DATA.....	4
2. PRINCIPLES OF PREPARATION OF THE INTERIM CONDENSED SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS.....	6
3. INFORMATION ABOUT THE DEKPOL CAPITAL GROUP.....	7
3.1 OPERATING ACTIVITIES OF THE CAPITAL GROUP.....	7
3.2 STRUCTURE OF THE DEKPOL CAPITAL GROUP.....	7
3.3 CHANGES IN STRUCTURE OF THE DEKPOL CAPITAL GROUP IN H1 2022 AND AFTER BALANCE SHEET DATE.....	13
4. INFORMATION ABOUT THE COMPANY DEKPOL S.A.....	15
4.1 BUSINESS ACTIVITIES OF THE COMPANY.....	15
4.2 BODIES OF THE COMPANY DEKPOL S.A.....	16
4.3 STRUCTURE OF SHARE CAPITAL.....	17
4.4 SHAREHOLDING STRUCTURE.....	18
4.5 HOLDING OF SHARES BY MANAGEMENT AND SUPERVISORY STAFF.....	18
4.6 STANDPOINT OF MANAGEMENT BOARD REGARDING FEASIBILITY OF FULFILLMENT OF PREVIOUSLY PUBLISHED FORECASTS OF RESULTS.....	19
5. BUSINESS ACTIVITIES OF THE COMPANY AND THE DEKPOL CAPITAL GROUP IN H1 2022 AND AFTER THIS PERIOD.....	19
5.1 SUMMARY OF BUSINESS ACTIVITIES OF THE DEKPOL CAPITAL GROUP.....	19
5.2 ESSENTIAL ACHIEVEMENTS AND FAILURES, AS WELL AS MAJOR EVENTS IN BUSINESS OPERATIONS OF THE DEKPOL CAPITAL GROUP IN H1 2022.....	25
5.3 FACTORS AND EVENTS, INCLUDING OF UNUSUAL NATURE, AFFECTING SUBSTANTIALLY FINANCIAL STATEMENT.....	33
5.4 EVENTS AFTER BALANCE SHEET DATE.....	33
6. FACTORS, WHICH MAY AFFECT ACHIEVED RESULTS IN PERSPECTIVE OF AT LEAST NEXT QUARTER.....	33
7. RISKS AND THREATS FACTORS.....	36



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

8.	SURETIES AND GUARANTEES	52
9.	TRANSACTIONS WITH AFFILIATES	54
10.	COURT LITIGATIONS, PROCEEDINGS IN ARBITRATION BODIES OR IN PUBLIC ADMINISTRATION AUTHORITIES	54
11.	OTHER INFORMATION SIGNIFICANT FOR ASSESSMENT OF POSITION OF THE CAPITAL GROUP	55
12.	FINANCIAL RATIOS	62
13.	CONTACT.....	63



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

1. SELECTED FINANCIAL DATA

Selected financial data of the Dekpol Capital Group for H1 2022

Item	Thousands of PLN 01.01.2022 - 30.06.2022	Thousands of PLN 01.01.2021 - 30.06.2021	Thousands of EUR 01.01.2022 - 30.06.2022	Thousands of EUR 01.01.2021 - 30.06.2021
I. Net revenue from sales of products, goods, and materials	635 015	472 772	136 777	103 970
II. Profit (loss) on operating activity	43 372	40 648	9 342	8 939
III. Profit (loss) before tax	33 367	33 476	7 187	7 362
IV. Net profit (loss)	26 324	26 912	5 670	5 918
V. Earnings (loss) per ordinary share (in PLN / EUR)	3,15	3,22	0,68	0,71
VI. Net cash flows from operating activity	(52 132)	(91 717)	(11 229)	(20 170)
VII. Net cash flows from investment activity	(20 666)	(5 037)	(4 451)	(1 108)
VIII. Net cash flows from financial activity	50 809	47 994	10 944	10 555
IX. Total net cash flows	(21 989)	(48 760)	(4 736)	(10 723)

Item	Thousands of PLN 30.06.2022	Thousands of PLN 31.12.2021	Thousands of EUR 30.06.2022	Thousands of EUR 31.12.2021
X. Total assets	1 498 833	1 357 149	320 222	295 071
XI. Liabilities and provisions for liabilities	1 089 865	969 881	232 847	210 871
XII. Long-term liabilities	374 563	282 261	80 025	61 369
XIII. Short-term liabilities	715 302	687 620	152 823	149 502
XIV. Equity	408 968	387 268	87 375	84 200
XV. Share capital	8 363	8 363	1 787	1 818
XVI. Number of shares at the end of the period	8 362 549	8 362 549	8 362 549	8 362 549
XVII. Book value per share (in PLN / EUR)	49	46	10	10

Selected financial data of the company Dekpol S.A. for H1 2022



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

Item	Thousands of PLN 01.01.2022 - 30.06.2022	Thousands of PLN 01.01.2021 - 30.06.2021	Thousands of EUR 01.01.2022 - 30.06.2022	Thousands of EUR 01.01.2021 - 30.06.2021
I. Net revenue from sales of products, goods, and materials	168 206	94 416	36 230	20 764
II. Profit (loss) on operating activity	5 053	5 402	1 088	1 188
III. Profit (loss) before tax	134	2 193	29	482
IV. Net profit (loss)	108	1 777	23	391
V. Earnings (loss) per ordinary share (in PLN / EUR)	0,01	0,21	0,00	0,05
VI. Net cash flows from operating activity	2 601	(16 560)	560	(3 642)
VII. Net cash flows from investment activity	813	(43 171)	175	(9 494)
VIII. Net cash flows from financial activity	(238)	(43 993)	(51)	(9 675)
IX. Total net cash flows	3 176	(103 724)	684	(22 811)

Item	Thousands of PLN 30.06.2022	Thousands of PLN 31.12.2021	Thousands of EUR 30.06.2022	Thousands of EUR 31.12.2021
X. Total assets	582 951	537 244	124 546	116 807
XI. Liabilities and provisions for liabilities	295 228	249 884	63 075	54 330
XII. Long-term liabilities	156 742	144 247	33 488	31 362
XIII. Short-term liabilities	138 486	105 637	29 587	22 968
XIV. Equity	287 723	287 360	61 471	62 478
XV. Share capital	8 363	8 363	1 787	1 818
XVI. Number of shares at the end of the period	8 362 549	8 362 549	8 362 549	8 362 549
XVII. Book value per share (in PLN / EUR)	34	34	7	7

Selected balance sheet items presented in EUR have been converted according to the average EUR exchange rate announced by Narodowy Bank Polski (National Bank of Poland) on 30th of June 2022 (4,6806 PLN/EUR) and 31st of December 2021 (4,5994 PLN/EUR). Selected items of the profit and loss account and the cash flow statement were converted into EUR at the exchange rate announced by Narodowy Bank Polski (National Bank of Poland), being the arithmetic average of exchange rates for EUR applicable on the last day of each completed month in the period of 6 months ended 30th of June 2022 and 6 months ended 30th of June 2021 (4,6427 PLN/EUR and 4,5472 PLN/EUR, respectively).



2. PRINCIPLES OF PREPARATION OF THE INTERIM CONDENSED SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statement of the Dekpol Capital Group for H1 2022 was prepared in accordance with International Accounting Standards and International Financial Reporting Standards as well as related interpretations announced in the form of European Commission regulations. Interim condensed consolidated financial statement of the Dekpol Capital Group for H1 2022 was prepared under assumption, that the Group would continue its business operations in the foreseeable future. The statement presents financial situation the Dekpol Capital Group as at 30th of June 2022 and 31st of December 2021, results achieved on business operations by the Group as well as cash flows for six months ended 30th of June 2022 and 30th of June 2021, respectively.

The accounting principles (policies) applied at preparation of the interim condensed consolidated financial statement are consistent with those applied at preparation of the annual consolidated financial statement of the Group for the year ended on 31st of December 2021. In H1 2022, there were no changes in accounting principles (policies) applied. In H1 2022 there were also no significant changes to estimated values or principles determining the value of assets and liabilities as well as measurement of financial result.

The consolidation was prepared by use of a full method and covered all the Issuer's direct and indirect subsidiaries. Associated companies are valued by use of the equity method.

The interim condensed financial statement of the Company Dekpol S.A. for H1 2022 was prepared in accordance with International Accounting Standards and International Financial Reporting Standards and related interpretations announced in the form of European Commission regulations. The interim condensed financial statement of the Company Dekpol S.A. for H1 2022 have been prepared under assumption, that the Company will continue its business operations in the foreseeable future. The statement presents financial position of the company Dekpol S.A. as at 30th of June 2022 and 31st of December 2021, results achieved on business operations of the Company as well as cash flows for 6 months ended 30th of June 2022 and 31st of December 2021.



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

The accounting principles (policies) applied at preparation of the interim condensed financial statement are consistent with those applied at preparation of the annual financial statement of the Company for the year ended on 31st of December 2021. In H1 2022, there were no changes in accounting principles (policies) applied. In H1 2022 there were also no significant changes to estimated values or principles determining the value of assets and liabilities as well as measurement of financial result.

Report of Management Board on business activities of the Dekpol Capital Group for H1 2022 was prepared in accordance with requirements of the Regulation of the Minister of Finance on the current and periodic information provided by security issuers and on the conditions for recognizing equivalent information required by the law of a non-member state as equivalent information (consolidated text: Journal of Laws of 2018 item 757).

Both, the interim condensed separate as well as consolidated financial statements for 6-month period ended on 30th of June 2022 were reviewed by a statutory auditor.

3. INFORMATION ABOUT THE DEKPOL CAPITAL GROUP

3.1 OPERATING ACTIVITIES OF THE CAPITAL GROUP

Dekpol Capital Group conducts operational activities in three main areas:

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

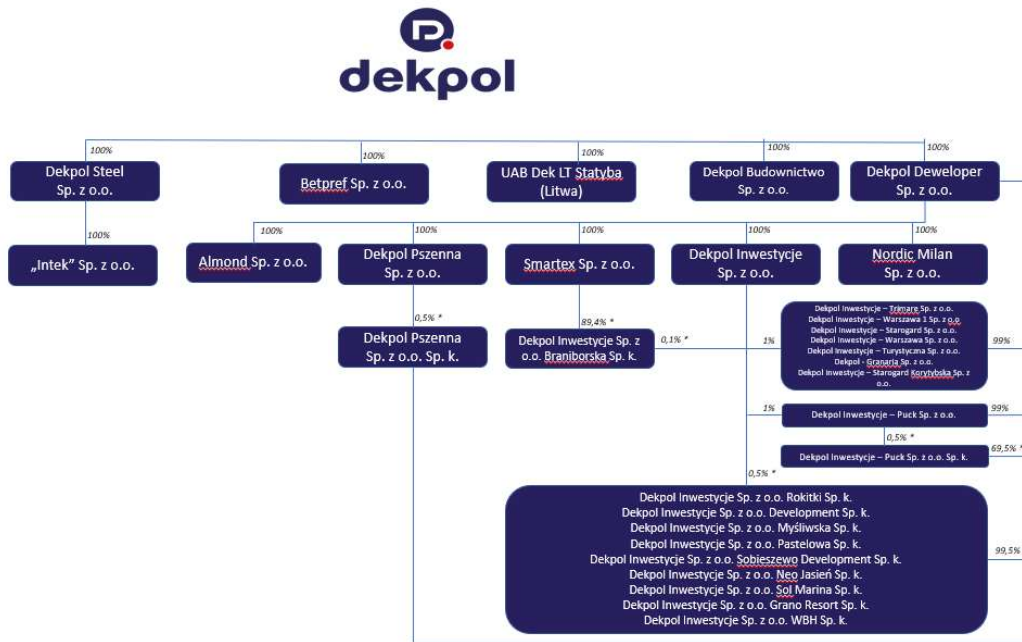
3.2 STRUCTURE OF THE DEKPOL CAPITAL GROUP

Dekpol Capital Group consists of the company Dekpol S.A. ("Company", "Dekpol", "Issuer") as the parent entity as well as direct or indirect subsidiaries of Dekpol S.A.



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

The organizational structure of the Dekpol Capital Group as at 30th of June 2022 is presented on the diagram below:



* share in profits and losses

In addition, on 5th of August 2022 (event after balance sheet date), Dekpol S.A. purchased 100% of shares in the company Kombet Działdowo Sp. z o.o. headquartered in Komorniki.

Operating activities of the Capital Group are conducted by subsidiaries.

Business activities of Dekpol S.A.

Basically, Dekpol S.A. acts as the holding company managing the Capital Group and provides services to entities from the Dekpol Group. Due to the fact of conducting operational activities in the field of general contracting until 31st of December 2020, Dekpol S.A. remains responsible for liabilities under concluded contracts, to the extent where the consent of contractors was not obtained for taking over of these liabilities by the subsidiary Dekpol Budownictwo Sp. z o.o. as a part of a transfer of an organized part of the enterprise, which took place on 31st of December 2020. In addition, as of 30th of June 2022, Dekpol S.A. is a party of one agreement concluded in H1 2021 within operations conducted by general contracting segment. In line with ZCP agreement, Dekpol Budownictwo Sp. z o.o. remains the primary obliged entity under general contracting activities, also in relation to agreements concluded until 31st of December 2020.

General contracting activities



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

Business activities in the field of general contracting, starting from 2021, are carried out by Dekpol Budownictwo Sp. z o.o. Dekpol S.A. holds 100% of the subsidiary's shares.

Previously, this business activity was carried out by the Issuer. With effect on 1st of January 2021 it was transferred to a subsidiary by means of an in-kind contribution of an organized part of the enterprise, covering business activities of General Contracting Department. The organized part of the enterprise was organizationally, functionally and financially separated in internal structure of Dekpol S.A. a set of intangible and tangible assets intended for business activities, including, in particular, comprehensive implementation of investments in the field of construction and assembly works on behalf of investors.

Property development activities

Property development activities are carried out by Dekpol Deweloper Sp. z o.o. (the Issuer holds 100% of the company's shares) and its subsidiary special purpose vehicles - limited liability companies or limited partnerships.

Since 2019, Dekpol Deweloper Sp. z o.o. conducts and serves the real-estate development activities of entities from the Dekpol Capital Group, performing tasks covering preparation and implementation of a property development projects, sales of properties, design and implementation of finishing works as well as after-sales service.

Individual projects are implemented by subsidiaries - special purpose vehicles:

- 1) Dekpol Pszenna Sp. z o.o. Sp.k. – a special purpose company established to carry out the property development investment under the name Grano Hotel and Grano Residence in Gdańsk at ul. Pszenna;
- 2) Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k. – a special purpose company established to carry out the property development investment under the name Pastelowa in Gdańsk;
- 3) Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k. – a special purpose company established to carry out the property developments in Rokitki and Śliwiny near Tczew;
- 4) Dekpol Inwestycje Sp. z o.o. Development Sp. k. – a special purpose vehicle established to implement smaller property development investments, including in Jurata, Hel and Gdańsk;
- 5) Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k. – a special purpose company established to carry out the property development investment in Wrocław;
- 6) Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k. – a special purpose company established to carry out the property development investment under the name Foresta in Gdańsk;



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

- 7) Dekpol Inwestycje Sp. z o.o. Grano Resort Sp. k. - a special purpose company established to carry out the property development investment in Gdańsk on Sobieszewska Island;
- 8) Dekpol Inwestycje Sp. z o.o. WBH Sp. k. - a special purpose company established to carry out the investment in Warszawa, on the property at ul. Prądyńskiego 21;
- 9) Dekpol Inwestycje Sp. z o.o. Neo Jasień Sp. k. - a special purpose company established to carry out the property development investment under the name Neo Jasień in Gdańsk;
- 10) Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k. - a special purpose company established to carry out the property development investment in Wiślinka;
- 11) Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp. k. - a special purpose company established to carry out smaller property development investments in Gdańsk on Sobieszewska Island (e.g., Villa Neptun);
- 12) Nordic Milan Sp. z o.o. - the company has completed the property development investment Eco Milan in Milanówek;
- 13) Dekpol Inwestycje – Trimare Sp. z o.o. - a special purpose company established to carry out the property development investment in Sztutowo;
- 14) Dekpol Inwestycje – Warszawa 1 Sp. z o.o. – a special purpose company established to carry out the property development investments in Warszawa and its vicinity;
- 15) Dekpol Inwestycje – Warszawa Sp. z o.o. – a special purpose company established to carry out the property development investments in Warszawa and its vicinity;
- 16) Dekpol Inwestycje Starogard Sp. z o. o. - a special purpose vehicle which is a party to preliminary agreements for the purchase of premises as part of an investment in Gdańsk implemented by an external entity, aimed at introducing premises to the sales offer of the Dekpol Group,
- 17) Dekpol Inwestycje – Turystyczna Sp. z o.o. – a special purpose vehicle established to implement an investment in Gdańsk on Sobieszewska Island at Turystyczna Street;
- 18) Dekpol Inwestycje – Puck Sp. z o.o. Sp. k. – a special purpose vehicle established to carry out development investments in Puck;
- 19) Dekpol Inwestycje Gdańsk Sp. z o. o. - a special purpose vehicle established to carry out development investments in the Pomeranian Voivodeship (before the name change, registered on 13th of September 2022: Dekpol Granaria Sp.z o.o.);
- 20) Dekpol Inwestycje Starogard Korytybska Sp. z o.o. - a special purpose vehicle established to carry out a development investment in Starogard Gdański at ul. Korytybska; the company was entered in the register of entrepreneurs of the National Court Register on 5th of May 2022.



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

Dekpol Deweloper Sp. z o.o. is the only limited partner of the special purpose vehicles specified in points 1) – 4) and 6) - 11) above, as well as the sole partner of the company specified in point 12). Dekpol Deweloper Sp. z o.o. holds 99% of the shares of companies listed in points 13) – 17) and 19) – 20) and the remaining shares belong to the subsidiary of Dekpol Deweloper Sp. z o.o., i.e. the below mentioned company Dekpol Inwestycje Sp. z o.o.

Shareholders of Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k. (point 5) above) are:

- Dekpol Inwestycje Sp. z o.o. (general partner with a profit and loss share of 0,1%),
- Smartex Sp. z o.o. (limited partner with profit and loss share of 89,4%),
- a natural person not related to the Issuer in any other way (limited partner with a profit and loss share of 10,5%).

Subsidiaries of Dekpol Inwestycje – Puck Sp. z o.o. sp. k. (point 18) above) are:

- Dekpol Inwestycje – Puck Sp. z o.o. (general partner with a profit and loss share of 0,5%),
- Dekpol Deweloper Sp. z o.o. (limited partner with profit and loss share of 69,5%),
- a legal person not related to the Issuer (limited partner with a profit and loss share of 30%).

Subsidiaries of Dekpol Deweloper Sp. z o.o. (Dekpol Deweloper holds 100% of the shares of these companies) are also:

- 1) Smartex Sp. z o.o. – limited partner of a special purpose vehicle established to carry out a development investment in Wrocław at ul. Braniborska - Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k indicated in point 5 in the list above;
- 2) Dekpol Pszena Sp. z o.o. – general partner of a special purpose vehicle established by implementation of a development investment at Pszena street in Gdańsk indicated in point 1) in the list above;
- 3) Dekpol Inwestycje Sp. z o.o. – general partner of the limited partnerships indicated in items 2) -11) above and the shareholder holds 1% of shares in the companies indicated in points 13) - 17) and 19)– 20) in the list above;
- 4) Dekpol Inwestycje – Puck Sp. z o.o. – general partner of a special purpose vehicle established to implement the investment in Puck indicated in point 18) in the list above;
- 5) Almond Sp. z o.o. - a company owning a property in Gdańsk at ul. Toruńska 12 (Hotel Almond).

Production activities

The production activity is carried out by Dekpol Steel Sp. z o.o. and its subsidiary Intek Sp. z o. o. headquartered in Lubawa as well as by the company Betpref Sp. z o.o.



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

Dekpol S.A. holds 100% of shares in Dekpol Steel Sp. z o.o. and Betpref Sp. z o.o.. Dekpol Steel Sp. z o.o. holds 100% of shares of Intek Sp. z o.o..

In addition, on 5th of August 5, 2022 (an event after balance sheet date), Dekpol S.A. acquired 100% of shares in the company Kombet Działdowo Sp. z o. o. headquartered in Komorniki (details of the acquisition, are available point 4.4 of this report).

The subject of business activities of Dekpol Steel Sp. z o.o. (the company that acquired an organized part of Dekpol S.A. in 2020) is production and sales of buckets and accessories for construction machines. Intek Sp. z o.o. based in Lubawa runs a steel products manufacturing plant. The intention is, that the company focuses on production of products offered by Dekpol Steel Sp. z o.o.. Additional business area became products for offshore industry, as well as activities related to obtaining by Dekpol Steel of certification for the defense industry.

Betpref Sp. z o.o. operates as the factory producing precast concrete elements and of steel structures in plants located in Toruń and Pinczyn. In turn, the company "Kombet Działdowo" Sp. z o.o. operates in production of precast concrete elements in Działdowo.

Other entities from Dekpol Capital Group

In addition, Dekpol S.A. is also a partner of an entity from the Group performing functions other than basic operating activities of the Capital Group, i.e. UAB DEK LT Statyba. The entity was historically established to support construction activities of Dekpol S.A. in Lithuania. Dekpol S.A. holds 100% of shares in this company.

Other entities in which entities from the Dekpol Group participate

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

- 1) Mineral Group Sp. z o.o. – an entity established to conduct activities related to the exploration and extraction of mineral resources. Dekpol Deweloper Sp. z o.o. holds 50 out of 101 shares in share capital of this company (amounting to PLN 5,000);
- 2) Dekpol 1 SPV Sp. z o.o. – entity established by Dekpol S.A. in order to implement investment projects together with a subsidiary of the President of Management Board of Dekpol S.A., i.e. OMT Holding Sp. z o.o. Dekpol S.A. holds 324 out of 1,200 shares in share capital of this company (amounting to PLN 60,000).

All direct and indirect subsidiaries of the Issuer are subject to full consolidation. Associated companies are valued using the equity method. The company Kombet Działdowo Sp. z o. o., due to the acquisition of its shares on 5th of August 2022, will be subject to full consolidation starting from the third quarter of 2022.



3.3 CHANGES IN STRUCTURE OF THE DEKPOL CAPITAL GROUP IN H1 2022 AND AFTER BALANCE SHEET DATE

On 17th of February 2022, respectively: General Meeting and Shareholders' Meetings of the companies: Dekpol 1 Sp. z o.o., Dekpol 1 Sp. z o.o. s.k.a., Dekpol Royalties Sp. z o.o. (jointly as the Acquired Companies) and Dekpol Deweloper Sp. z o.o. (Acquiring Company) adopted resolutions on the consent and merger of the above-mentioned companies. Resolutions of the bodies were adopted in connection with agreement by Management Boards of these companies on 31st of March 2021 of a merger plan pursuant to Art. 492 § 1 item 1 of the Commercial Companies Code, i.e. by transferring all assets of the Acquired Companies to the Acquiring Company and increasing share capital of the Acquiring Company. Dekpol Royalties Sp. z o.o. was a company established to manage the Group's intangible assets. Dekpol 1 Sp. z o.o. s.k.a. was an entity that held 100% of shares in Almond Sp. z o.o. and Dekpol Royalties Sp. z o.o. and in other property rights. Dekpol 1 Sp. z o.o. was the general partner of Dekpol 1 Sp. z o.o. s.k.a. (100% of the company's shares were held by Dekpol S.A.). As a result of the merger, share capital of Dekpol Deweloper Sp. z o.o. was increased by creation of 1,278,715 shares with a nominal value of PLN 50 each and a total nominal value of PLN 63,935,750, which shares were granted to Dekpol S.A. as a contribution in the form of all assets of the Acquired Companies. As a result of the merger, Acquired Companies were dissolved without liquidation, and all their rights and obligations were acquired by Acquiring Company by way of universal succession. As a result of the above, the holder of shares in the company Almond Sp. z o.o. became Dekpol Deweloper Sp. z o.o. The merger of companies and the increase in share capital of Dekpol Deweloper Sp. z o.o. was registered in the National Court Register on 30th of June 2022.

On 17th of February 2022, the Meeting of Shareholders of Dekpol Deweloper Sp. z o.o. approved sales of shares by Dekpol S.A. for Dekpol Deweloper Sp. z o. o. in order to redeem shares voluntarily, as a result of which an agreement for the purchase by Dekpol Deweloper Sp. z o. o. from Dekpol S.A. 1,278,715 shares in Dekpol Deweloper Sp. z o.o. with a nominal value of PLN 50 each and a total nominal value of PLN 63,935,750, representing 47.4% of company's share capital, for the purpose of their redemption. The shares were acquired for remuneration equal to the nominal value of shares. Holding of shares was transferred upon conclusion of the agreement. On 17th of February 2022, the meeting of shareholders of Dekpol Deweloper Sp. z o.o. adopted a resolution on redemption of all above-mentioned shares and as a result of the above, simultaneous reduction of company's share capital. On 7th of March 2022, in Monitor Sądowy i Gospodarczy was published an announcement on adoption of a resolution on reduction of share capital of Dekpol Deweloper Sp. z o.o., in which the Company's creditors were called to submit their claims within 3 months from the date of its publication. On 7th of June 2022, the convocation procedure expired. Reduction of a



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

share capital of Dekpol Deweloper Sp. z o.o. as a result of redemption of the above-mentioned shares was registered with the National Court Register on 30th of June 2022.

The above events were the part of activities undertaken in previous years related to reorganization and optimization of business activities of the Company and the Dekpol Capital Group, aimed at organizing the structure of the Group and launching a management system adapted to increasing scale of business operations, as well as further development plans.

Accounting settlement of the merger was made in accordance with the policy of the Dekpol Capital Group, because IFRS 3 does not cover mergers under common control, and the merged Companies were under the control of Dekpol S.A. The merger was accounted by use of acquisition method in accordance with the Polish accounting principles on the basis of delegation included in conceptual assumptions to IFRS.

On 9th of March 2022, the Extraordinary General Meeting of Shareholders of Betpref Sp. z o.o. decided to increase share capital by creation of 9,500 new shares with a par value of PLN 100.00 each. New shares were acquired in full by existing sole shareholder, i.e. Dekpol S.A. The new shares were covered by an in-kind contribution in the form of Company's claims against Betpref. On 28th of March 2022, the increase in share capital of Betpref Sp. z o.o. has been registered in the National Court Register.

On 25th of March 2022, to the National Court Register was entered the special purpose company called Dekpol Granaria Sp. z o.o. established to carry out property development investments in the Pomeranian Voivodeship. On 13th of September 2022 (an event after balance sheet date), was registered the change of this company's name to Dekpol Inwestycje Gdańsk Sp. z o.o..

In March 2022, as a result of arising of new investment opportunities, it was decided to change the purpose of a special purpose vehicle Dekpol Inwestycje - Starogard Sp. z o. o. The current intention is that the company will be used to put into sales an investment located in Gdańsk to the Dekpol Group's offer, as a result of preliminary agreements concluded by the company for purchase of over 100 residential and commercial apartments from an external entity implementing this investment.

On 5th of May 2022, the special purpose company called Dekpol Inwestycje - Starogard Korytybska Sp. z o.o - established to carry out a property development investment in Starogard Gdański at ul. Korytybska, has been entered to the National Court Register.

On 5th of August 2022 (an event after balance sheet date), Dekpol S.A. concluded an agreement with natural persons for the transfer of ownership of 100% of shares in Kombet Działdowo Sp. z o. o. headquartered in Komorniki (Kombet). The purchase price



of shares did not constitute a significant value from the perspective of situation and financial results of the Dekpol Capital Group.

The subject of business activity of the Kombet company is production of precast concrete elements. As a result of transaction, the Group acquired a production plant with land enabling future expansion, as needed. Kombet is also a workplace employing over 70 qualified and experienced employees. Transaction of acquisition of shares in Kombet was aimed at increasing the scale of the segment's operations in the field of prefabricated elements production. Management Board of Dekpol S.A. believes that industrial, logistic and property development construction will require optimization in upcoming years due to growing costs of materials and labor forces.

4. INFORMATION ABOUT THE COMPANY DEKPOL S.A.

4.1 BUSINESS ACTIVITIES OF THE COMPANY

The Company Dekpol S.A. („Issuer”) is entered in the register of entrepreneurs of the National Court Register maintained by District Court Gdańsk-North in Gdańsk, VII Commercial Division of the National Court Register under ID (KRS) number 0000505979. The Issuer's company was registered on 11th of April 2014. The Issuer was created as a result of the transformation of Dekpol Spółka z ograniczoną odpowiedzialnością in Dekpol Spółka Akcyjna with the resolution of the General Meeting of Shareholders. The Company has been created as a permanent entity

From the beginning of 2021, Dekpol S.A., as the parent entity of the Dekpol Capital Group, performs, in connection with completion of reorganization process of the Group, mainly the role of the holding company managing the Dekpol Capital Group and providing services to entities from the Dekpol Capital Group.

Due to the fact that Dekpol S.A. was performing operating activities in the field of general contracting until 31st of December 2020, Dekpol S.A. remains responsible for the obligations under the guarantees granted and part of the concluded contracts, to the extent that the consent of the contractors was not obtained for the taking over of these obligations by the subsidiary Dekpol Budownictwo Sp. z o.o. as part of an in-kind contribution of an organized part of the enterprise. Moreover, Dekpol S.A. is jointly and severally liable under the terms of the Civil Code with buyers of individual parts of the enterprise (i.e. Dekpol Deweloper sp.z o.o., Dekpol Steel sp. z o.o. and Dekpol Budownictwo sp.z o.o., respectively) for liabilities related to the disposed parts of the



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

enterprise. Additionally, as at 31st of December 2022, Dekpol S.A. was a party of one contract in general contracting segment concluded in 2021. In general, Dekpol Budownictwo sp. z o.o. remains the primary obligation under general contracting activity, also in relation to contracts concluded until 31st of December 2021.

4.2 BODIES OF THE COMPANY DEKPOL S.A.

4.2.1 MANAGEMENT BOARD

Management Board of Dekpol S.A. is composed of one or more Members, appointed or dismissed by Supervisory Board. The Supervisory Board entrusts one of the Members of the Management Board with the function of the President of Management Board. Other Members of Management Board may be entrusted with the function of Vice Presidents of Management Board. The term of office of Members of Management Board is 5 (five) years and is not joint.

Composition of the Management Board of Dekpol S.A. as at 30th of June 2022 and as at the date of publication of this report:

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

Taking into account the amendment to the Code of Commercial Companies that comes into force on 13th of October 2022, introduced by provisions of the Act of February 9, 2022 amending the Act - Code of Commercial Companies and certain other acts, the terms of office of the President of Management Board, Mr. Mariusz Tuchlin and Vice-President of Management Board, Mrs. Katarzyna Szymczak-Dampc, will expire on 31st of December 2024. Mandates of the above-mentioned persons will expire on the date of approval of financial statements for 2024, thus, in 2025.

In the first half of 2022 and until the publication of this report, there were no changes in the composition of the Company's Management Board.

4.2.2 SUPERVISORY BOARD

Supervisory Board consists of five to seven members. Appointment as well as dismissal of members of the Supervisory Board follows through resolution of General Meeting of Shareholders. This body elects the Chairman of Supervisory Board, may also entrust the



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

function of Vice-president to another member. The term of office of Supervisory Board members takes 5 years and cannot be joint

Composition of the Supervisory Board of Dekpol S.A. as at 30th of June 2022 and as at the date of publication of this report:

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

On 30th of June 2022, Mr. Grzegorz Wąsacz, Member of the Supervisory Board, was reappointed to the Supervisory Board for another five-year term. The company announced the appointment in current report No. 33/2022 dated 30th of June 2022.

Taking into account the amendment to the Code of Commercial Companies that enters into force on 13th of October 2022, introduced by the provisions of the Act of February 9, 2022 amending the Act - Code of Commercial Companies and certain other acts, the term of office of Mr. Wojciech Sobczak will end on 31st of December 2023, the terms of office of Mr. Roman Suszek, Mr. Jacek Grzywacz and Mr. Jacek Kędzierski will expire on 31st of December 2024, while the term of office of Mr. Grzegorz Wąsacz will expire on 31st of December 2027.

In the first half of 2022 and until publication of this report, there were no changes in the composition of the Company's Supervisory Board.

4.3 STRUCTURE OF SHARE CAPITAL

As at 30th of June 2022 and as at publication date of this report, the share capital of DEKPOL S.A. amounts to PLN 8,362,549.00 and is divided into 8,362,549 ordinary bearer shares with a par value of PLN 1 each, including:

- a) 6.410.000 of A-series ordinary bearer shares,
 - b) 1.952.549 of B-series ordinary bearer shares,
- which entitle jointly to 8,362,549 votes at the General Meeting of Shareholders of the Company.



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

4.4 SHAREHOLDING STRUCTURE

Shareholders of Dekpol S.A. holding at least 5% of the total number of votes at the General Meeting of Shareholders of the Company as at publication date of this report, i.e. on 29th of September 2022, according to the best knowledge of Management Board of Dekpol S.A.:

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

* Based on the number of registered shares for the Ordinary General Meeting of the Company convened for 28th of June 2019

In the period from the publication of the last periodic report, i.e. the report for the first quarter of 2022 published on 30th of May 2022, to the publication of this report, the Company did not receive any notifications about changes in the shareholding structure.

4.5 HOLDING OF SHARES BY MANAGEMENT AND SUPERVISORY STAFF

Holding of Company's shares by Members of Management Board and Supervisory Board of Dekpol S.A. as at publication date of this report, i.e. on 29th of September 2022 and as at publication date of the previous periodic report, i.e. the report for Q1 2022 published on 30th of May 2022:

Item	Number of shares as at publication date of the annual report for 2021	Changes	Number of shares as at publication date of the report for H1 2022
Mariusz Tuchlin – President of Management Board	6.466.845	-	6.466.845

Other members of Management Board and Supervisory Board did not and do not hold any shares of the Company in the period from submission date of the report for the 1st quarter of 2022 to the date of submission of this report.



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

To the best knowledge of the Company, Members of Management Board and Supervisory Board do not have any rights to Issuer's shares and did not have such rights in the indicated period

4.6 STANDPOINT OF MANAGEMENT BOARD REGARDING FEASIBILITY OF FULFILLMENT OF PREVIOUSLY PUBLISHED FORECASTS OF RESULTS

The Company did not publish financial results forecasts of the Company and the Dekpol Capital Group for 2022.

5. BUSINESS ACTIVITIES OF THE COMPANY AND THE DEKPOL CAPITAL GROUP IN H1 2022 AND AFTER THIS PERIOD

5.1 SUMMARY OF BUSINESS ACTIVITIES OF THE DEKPOL CAPITAL GROUP

The Group's revenues in the discussed period amounted to PLN 635 million, which means an increase by 34% y/y. The Group's operating profit in the discussed period amounted to PLN 43.4 million and was higher by 7% y/y. The Group ended the first six months of 2022 with a comparable net profit y/y, amounting to PLN 26 million.

At the end of the first quarter of 2022, the Group's cash position was at the level of PLN 168.3 million, and the LTM net debt/EBITDA ratio was at a safe level of 1.66.

The General Contracting segment remains the largest operating segment of the Dekpol Group, with a revenue share of more than 72% in the first half of 2022. Revenues of the General Contracting segment in the discussed period amounted to approximately PLN 459 million and were higher by 49% year-on-year, while the operating profit amounted to PLN 30 million (+ 41% y/y). In turn, in the first half of 2022, revenues of the Property Development segment amounted to PLN 59.6 million (9% share in Group's revenues), while the operating result amounted to PLN 8.8 million (compared to PLN 91.4 million and PLN 18.1 million, respectively, in the first half year of 2021). The segment of Production of accessories for construction machines accounted for nearly 15% of Group's revenues and was the second segment of business activities in terms of its



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

contribution to sales revenues. Revenues of the company Dekpol Steel in the discussed period amounted to PLN 98 million (+ 78%), while the operating profit amounted to PLN 10.9 million (+ 57% y/y). Thanks to the usage of new production capacities in the Intek plant acquired in the last quarter of 2021, as well as thanks to standardization and stabilization of production processes, the Company realizes a high level of orders, ensuring a satisfactory level of margins in an unstable environment.

Development strategy of the Group, consisting in operating on three pillars: General Contracting services (Dekpol Budownictwo), Production of accessories for construction machines (Dekpol Steel) and the Property development segment (Dekpol Deweloper), brings the desired results. In difficult and extremely unstable times, their business activities balance and complement each other, which allows them to generate a stable level of financial results. The company Dekpol Budownictwo, thanks to the flexibility and experience of the team, as well as implementation of numerous tools allowing for effective bidding in an environment of high dynamics of price changes on the market, was prepared in order to handle orders from partners in effective manner. A strong market position is maintained, while looking for opportunities for further business development. An example is the purchase of the company Kombet, whose activity focuses on production of precast concrete elements. As a result of the transaction, the Group acquired a production plant with land enabling future expansion, as needed. Kombet is also a workplace employing qualified and experienced staff. The transaction was aimed at increasing scale of segment's operations in the field of prefabricated production. The company's Management Board is of the opinion that due to the growing costs of materials and labor, industrial, logistic and development construction will require optimization in upcoming years. The goal for Kombet will be to support this process, together with the Betpref plant owned by the Group.

The segment of production of accessories for construction machines, i.e. Dekpol Steel, used the new production capacity at the Intek plant in order to implement the high level of orders observed from mid-2021. Thanks to decisive actions and a flexible approach, the Company coped with market challenges better than its competitors. In addition to the core business, Dekpol Steel is reorganizing and optimizing processes at the Intek plant that was acquired last year. Utilizing experience of the Intek company, the process of diversification of production into the "offshore" area was started. Additionally, steps were taken in order to obtain a production license for the defense industry. The two above-mentioned segments of Group's business activities compensated in the last half of the year with a lower contribution from the property development segment, whose revenues are a derivative of the schedule of individual projects, hence their level may fluctuate on a quarterly basis. Several investments are planned to be completed and handed over in the second half of 2022. It is also worth to mention, that the contracting with Dekpol Deweloper in the first half of 2022 was at



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

the assumed level thanks to the wide and diversified offer and the high share of cash customers.

General Contracting

As a part of the General Contracting Segment, the Capital Group at the end of the first half of 2022 had in its portfolio contracts for external entities with a total contractual value of approximately PLN 1,404 million net (at the end of 2021 it was PLN 1,306 million, and at the end of the first quarter of 2022 PLN 1,204 million), of which projects with a total value of about PLN 450 million net remained to be implemented (at the end of 2021 about PLN 573 million, and at the end of the first quarter of 2022, over PLN 311 million).

In turn, as a part of internal activities for the property development segment, Dekpol Budownictwo, at the end of the first half of 2022, had contracts worth over PLN 394 million net (compared to PLN 412 million at the end of 2021 and over PLN 412 million at the end of the first quarter of 2022), of which nearly PLN 216 million net remained to be implemented (at the end of 2021, PLN 305 million, and at the end of the first quarter of 2022, less than PLN 268 million).

As part of general contracting services, industrial, logistic, commercial, service and residential facilities are implemented along with full external infrastructure (roads, squares, parking lots). Most of projects are performed on behalf of private investors.

The list of selected external contracts carried out by the Dekpol Group as at 30th of June 2022 in the field of general contracting is presented in the table below:

Ordering Party	Description of a project
KARUZELA KOŁOBRZEG	Shopping Mall in Kołobrzeg
GRUPA PANATTONI	Construction of a warehouse with a social and office building along with road and network infrastructure and auxiliary facilities in Gdańsk
GRUPA 7R	Construction of two production and warehouse facilities with office and social facilities along with the necessary technical infrastructure (hall A and hall B) in Szczecin
GRUPA PANATTONI	Construction of a warehouse with a social and office building along with road and network infrastructure and auxiliary facilities in Wojanowo/Będzieszyn
GRUPA PANATTONI	Construction of a warehouse building and all accompanying and design works in Błonie Wieś
Press Glass UAB	Construction of a production plant with development, infrastructure and accompanying facilities and other elements indicated in the project, located in the Special Economic Zone in Kaunas, Lithuania.
GRUPA PANATTONI	Construction of a phase I warehouse of approximately 49 248 m ² with an office building and all external



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

	works, and a phase II warehouse with accompanying works in Kolbudy
GRUPA PANATTONI	Extension of the existing development with warehouse, production and technical premises as well as office and social premises, and construction of other buildings, structures, facilities and land development related to the investment in Radomsko - ONTEX
CTP Invest Group	"Turn-key" construction of a production and warehouse building with accompanying infrastructure in Łomna-Las.
CTP Invest Group	Comprehensive "turn-key" execution with obtaining the final use permit for two warehouse buildings with an area of approximately 10120 m ² and 18991 m ² in Zabrze.

Majority of contracts carried out by the Group have a value of up to PLN 50 million. The Group is also executing larger contracts; as at 30th of June 2022, the Group had 10 contracts in its portfolio with a value exceeding PLN 70 million.

Industrial and logistics projects have a significant share in the ordering portfolio - in recent years they accounted for approximately 70% - 85% of the portfolio value.

The segment's activities in the second quarter of 2022 were influenced by dynamically changing prices of construction materials after the outbreak of the war in Ukraine, which significantly hindered project budgeting in the first quarter and resulted in company's conservative attitude towards business opportunities in this period. New projects, including those from new clients (e.g. orders from CTP Poland, which were announced in current report No. 26/2022 dated 27th of April 2022) were obtained in the period when the prices of materials stabilized, i.e. in the second half of April and in May. Business assumptions in relation to the above-mentioned and other projects acquired in the second quarter are reflected in stable and well-scheduled projects.

In May, the prices of steel fell. This is a consequence of the opening of new supply channels, but it will not significantly affect the cost of project implementation, as other cost-generating factors such as fuels, energy, other construction materials (especially those that require large amounts of energy or fuels for production or transport), freight costs, become more expensive, labor costs increase, as well as financial costs. Due to particularly scrupulous banking procedures, project settlements are still lengthening.

Management principles applicable in the company Dekpol Budownictwo, consisting in focusing on short-term projects, quick contracting of contractors, availability of own products in Betpref company, road works equipment, blocking prices with advance payments, importing substitutes for Polish materials, strict, frequent control of margins, working on team's competences allow the company to implement a dynamic development plan while maintaining a safe level of financial results.

This year, the company is taking steps in order to:



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

- expand portfolio of clients, which resulted in, among others, acquisition in April this year of contracts with the CTP Group - the CEE warehouse market leader,
- reduce the level of receivables from key customers,
- open a new office in Poznań, which is related to the division of Poland into two operational regions - the "north - center "and" south - west " (two operational regions are to contribute to increasing efficiency in project acquisition through more direct and closer contact with clients - local sales teams, including those in Upper Silesia and similarly responsible for project implementation, are much closer to the operational and technical centers of clients and potential clients.

The above-mentioned factors and consistently high interest in logistics and industrial facilities, despite the war in Ukraine, will affect the company's business operations in upcoming quarters. On the other hand, the risk should be taken into account, that the slowing-down of the economy in macroeconomic terms will most likely have an impact on condition of the construction industry (lower number of investments).

Property development

In revenues in the first half of 2022, the Dekpol Developer Group recognized 103 apartments and a partial revenue (realized in line with progress of works on construction site) from implementation of the investment with an institutional entity in Wrocław at ul. Braniborska. For comparison, in the first half of 2021, there were 214 apartments recognized, which resulted from handing-over of 180 apartments as a part of the first stage of the investment Osiedle Pastelowe in Gdańsk.

The Dekpol Developer Capital Group maintains a stable position on the market. In the first half of this year, contracting within the meaning of preliminary, development and reservation agreements finally amounted to 197 units. For comparison, in the same period of previous year, contracting amounted to 258 units.

As at 30th of June 2022, the total number of apartments offered for sale by the Group amounted to 811 units. In the first half of 2022, the Group sold the following investments:

- Grano Marina Hotel - building with a total of 130 commercial premises, located in Wiślinka near Sobieszewska Island, part of the "Sol Marina stage I" investment,
- Sol Marina stage II - a complex of 15 apartment buildings with a total of 127 commercial premises, located in Wiślinka near Sobieszewska Island,
- Lazur Park - a residential building with a total of 36 residential premises, located on Sobieszewska Island,
- Villa Neptun - apartment building with a total of 40 commercial premises, located on Sobieszewska Island,



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

- Baltic Line - apartment building with a total of 60 commercial premises, located on Sobieszewska Island,
- Baltic Porto - apartment building with a total of 72 service premises, located on Sobieszewska Island,
- Osiedle Pastelowe stage IIa - 3 residential buildings with a total of 225 residential premises, located in Gdańsk,
- Osiedle Pastelowe stage IIb - 2 residential buildings with a total of 125 residential premises, located in Gdańsk,
- Neo Jasień stage I - 2 residential buildings with a total of 104 residential premises, located in Gdańsk,
- Neo Jasień stage II - 2 residential buildings with a total of 98 residential premises, located in Gdańsk,
- Trimare stage I - 9 residential buildings with a total of 189 residential premises, located in Sztutowo,
- Osiedle Kociewskie stage I - 3 residential buildings with a total of 121 residential premises, located in Rokitki near Tczew,
- Osiedle Kociewskie stage II - 3 residential buildings with a total of 129 residential premises, located in Rokitki near Tczew.

In addition, the Company indicates, that in the first half of 2022, a final use permit was issued for 3 multi-family residential buildings consisting of 121 units included in the "Osiedle Kociewskie stage I" investment in Rokitki near Tczew. As at 30th of June 2022, 97% of premises have been sold in this investment.

Information about sales of premises in the first half of 2022 was provided by Dekpol S.A. in current report No. 34/2022 dated 4th of July 2022.

Segment of production of accessories for construction machines

The first half of 2022 was a dynamic period for Dekpol Steel. The segment's sales were higher than a year earlier, despite the fact that during the period in question, Dekpol Steel faced challenges caused by Russia's attack on Ukraine. The consequence of this fact was a dynamic increase in steel prices, as well as other raw materials necessary for production. The planned policy of Management Board of the Company, based on securing stocks with material needed to fulfill orders, made it possible to overcome the problems faced by other producers, suffering from a shortage of sheet metal or forced to buy this raw material at high prices.



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

Dekpol Steel, along with the company Intek achieved good sales results in the first six months of 2022, simultaneously introducing many changes and reorganizing management system in Intek.

From May 2022, there was a diversification of production utilizing experience and references of the Intek company. The "core" business of Dekpol Steel, together with Intek, is production of buckets and accessories for construction machines, nevertheless products for offshore industry have become an additional area of business activity. In addition, Dekpol Steel certification process was started in the direction of obtaining a production license for the defense industry.

Both, Dekpol Steel, as well as Intek, are companies with a wide range of technologies, experience and knowledge in all areas of steel processing. Thanks to these synergies, both companies can implement a wide range of contracts. Diversification of business activities allows to generate turnover and profits not only in one business area. With a changing economic situation, which is the result of the global economic situation, the measures taken will allow for faster production increase on one hand, and on the other hand - will make possible to mitigate the risk by having several sub-segments within production segment.

5.2 ESSENTIAL ACHIEVEMENTS AND FAILURES, AS WELL AS MAJOR EVENTS IN BUSINESS OPERATIONS OF THE DEKPOL CAPITAL GROUP IN H1 2022

Agreement and conclusion of a contract for the construction of two warehouse halls in Zaczernie

On 5th of January 2022, Dekpol Budownictwo Sp. z o.o. received a bilaterally signed contract for construction works (Agreement) concluded with PDC Industrial Center 166 Sp. z o.o. concerning construction of two warehouses with accompanying infrastructure with a total area of approx. 33 thousand of square meters in the village Zaczernie in the Podkarpackie Voivodeship (Investment). The key terms of the contract were agreed by parties on 4th of November 2021. Completion of construction works and obtaining of the use permit for the Investment took place in September 2022 (originally it was supposed to take place in June 2022). Currently, the parties are agreeing to confirm the date of the Investment in the form of an annex to the contract. Remuneration attributable to Dekpol Budownictwo for implementation of the Investment will amount to approx. 5.5% of sales revenues of the Dekpol Capital Group for 2021 (converted according to the EUR exchange rate of 5th of January 2022).



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

About the event the Company announced in current report no. 2/2022 dated 5th of January 2022.

Obtaining of the construction permit for the 3rd stage of a multi-family housing estate as a part of "Osiedle Pastelowe" project

On 12th of January 2022, Dekpol Inwestycje Sp. z o.o. Pastelowa Sp. k. (Subsidiary Company) received construction permit issued by the President of the City of Gdańsk for the construction of the third stage of an estate of multi-family residential building as a part of "Osiedle Pastelowe" project, along with underground garage halls in Gdańsk at Pastelowa Street. As a part of the above-mentioned investment phase, it is planned to construct 6 residential buildings, which will include 270 apartments with storage rooms with a total usable area of approx. 12 thousand square meters. Estimated value of revenues obtained from implementation of the above-mentioned stage will amount approximately PLN 103 million net. As at the date of publication of this report, it is estimated that the 3rd stage of "Osiedle Pastelowe" investment will be completed and put into use in the 4th quarter of 2025, in the same period the first premises will be handed over to clients. The investment outlays will be partially financed from both, own funds as well as external capital.

About the event the Company announced in current report no. 3/2022 dated 12th of January 2022.

Conclusion of the annex to the contract for general contracting of an investment in Szczecin

On 27th of January 2022, Dekpol Budownictwo Sp. z o.o. (General Contractor) signed with 7R S.A. (Ordering Party) an annex to the agreement dated February 2021 for the performance in Szczecin, in the general contracting system, in the "design and build" formula, of comprehensive building and construction works and a full range of construction and installation works including delivery of materials and equipment (Agreement), which will result in the "turn-key" construction of two production and warehouse facilities with office and social premises along with necessary technical infrastructure (investment) as well as reconstruction of the road system. The investment was carried out in two stages, the first stage of which was completed in 2021. In accordance with the annex, the parties, in connection with the commissioning of additional works, decided to extend the deadline for execution of the second stage of Investment to the second quarter of 2022. The works have been completed. The total net remuneration for implementation of the entire Investment will amount to approx. 6% of sales revenues of the Dekpol Capital Group for 2021.



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

About the event the Company announced in current report no. 5/2022 dated 30th of January 2022.

Conclusion of the annex to the contract on construction of production-storage halls in Gdańsk

On 27th of January 2022, Dekpol Budownictwo Sp. z o. o. concluded with PDC Industrial Center 134 Sp. z o.o. (Ordering Party) an annex to the agreement dated 28th of January 2021 for construction of warehouse and production halls in Gdańsk (Agreement). The investment was carried out in four stages, three of which were completed in 2021. The Annex to the Agreement concerned performance of additional works, as a result of which the value of the Agreement increased and the deadline for its implementation was extended. The current value of the Agreement is over 7.7% of sales revenues of the Issuer's Capital Group for 2021 (compared to the original value which is currently equivalent to approx. 6.36% of the Group's revenues for 2021; values converted at the EUR exchange rate as at 27th of January 2022). The deadline for implementation of the last stage of the Agreement was set for the second quarter of 2022. The works were completed on time.

About the event the Company announced in current report no. 6/2022 dated 31st of January 2022.

Conclusion of a contract for performance of construction works for a warehouse in Wojanów

On 16th of February 2022, Dekpol Budownictwo Sp. z o. o. (General Contractor) received from Pruszcz Logistics Sp. z o. o. (Ordering Party) a mutually signed contract (Agreement) for the construction of a warehouse and office building with development area of approx. 49.2 thousand square meters with roads and all necessary infrastructure in Wojanowo / Będzieszyn (Investment). The key terms of the Contract were agreed by the parties on 2nd of September 2021. The deadline for implementation of the Investment as well as obtaining of use permit was initially agreed for March 2022, and then changed to May 2022. The works were completed on the agreed date. The General Contractor's net remuneration for the performance of Agreement was the equivalent of approximately 7.8% of sales revenues of the Dekpol Capital Group for 2021 (converted according to the average exchange rate of the Polish National Bank (NBP) for EUR of 16th of February 2022).

The subject of the Agreement covered the scope of works that was originally to be commissioned as a part of the optional stage III of the agreement of July 2020, about which the Issuer announced in current report no. 15/2020 dated 3rd of July 2020. The first two stages of the above-mentioned contracts have been implemented. However,



construction of the second building was carried out on the basis of the Agreement referred to above, taking into account, inter alia, changing market conditions.

About the event the Company announced in current report no. 8/2022 dated 16th of February 2022.

Issue of P2021B-series bonds as a part of the Bonds Issue Programme

On 24th of February 2022, Management Board of Dekpol S.A. adopted resolution on issue of up to 50,000 of P2021B-series bearer bonds with an issue price equal to the nominal value of PLN 1,000 each and a total nominal value of up to PLN 50 million (Bonds). Then, on 18th of March 2022, the resolution of Management Board of the Company to amend the resolution dated 24th of February 2022 on the issue of Bonds entered into force. Pursuant to the amendment, the issue of P2021B-series bonds was reduced to 15,000 Bonds with an issue price equal to the nominal value of PLN 1,000 each and with a total nominal value of up to PLN 15 million, and the allocation of funds from the issue of Bonds was planned for current business operations of the Issuer's Capital Group.

The resolution of Management Board of the Company entered into force in connection with the approval dated 18th of March 2022 given by Polish Financial Supervision Authority with respect to the supplement to base prospectus containing the above-mentioned changes. The change in parameters of the Bonds issue was related to the current situation on financial market, mainly determined by Russia's ongoing aggression towards Ukraine. Originally, the funds from the issue of Bonds were to be redeemed for early redemption of I-series bonds at the request of the Issuer by the date of payment of interest for the third interest period in accordance with terms and conditions of the issue of I-series bonds, and any surplus was to be allocated to the Group's current business operations. Considering the risk of not obtaining full, initially assumed, proceeds from the issue, the Issuer decided to abandon the intention to redeem I-series bonds earlier and to issue Bonds with a lower value only, satisfying, on the one hand, the demand reported by investors, but from the other hand not generating a significant increase in the Group's debt level.

The issue of Bonds was carried out on the basis of a base prospectus approved by the Polish Financial Supervision Authority on 21st of April 2021 in the form of a public offering within the meaning of provisions of the Act of July 29, 2005 on Public Offering (...). The bonds were issued pursuant to Art. 33 point 1 of the Act on Bonds, as a part of the Bonds Issue Programme adopted in 2020. Pursuant to Final Terms and Conditions of Bond Issue, the interest rate on Bonds is variable and amounts to 4.60% + WIBOR 3M on an annual basis. Interest on Bonds is payable in three-month periods. The bonds are not secured. Redemption of Bonds will take place on 22nd of September 2025. The Bondholder disposes of the right to demand early redemption of Bonds in standard cases specified



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

in Terms and Conditions of Bonds Issue, including inter alia if the Group exceeds certain debt ratios. The Company may request early redemption of Bonds on each of the interest payment days, paying a premium of 0-1.25% of the nominal value of Bonds subject to redemption, depending on the date of request.

On 24th of March 2022, Management Board of Dekpol S.A. adopted resolution to make an initial allocation of 12,102 bearer P2021B-series bonds with a par value of PLN 1,000 each and a total par value of PLN 12,102,000. The P2021B-series bonds were allocated under condition precedent to the final settlement of Bond purchase transaction as a part of the issue by the Krajowy Depozyt Papierów Wartościowych S.A. On 29th of March 2022, the Company was informed about final settlement of Bonds by Krajowy Depozyt Papierów Wartościowych. Thus, the issue of P2021B-series bonds was completed.

On 9th of March 2022, the Krajowy Depozyt Papierów Wartościowych issued a declaration on registration in the securities depository of up to 50,000 of P2021B-series bonds of the Company. The Bonds were to be registered on the basis of settlement orders submitted after resolution on admitting Bonds to trading on the regulated market. The condition for registration of Bonds was their admission to trading on the regulated market. Then, in connection with resolution of the Issuer's Management Board regarding changing of parameters of the issue, on 25th of March 2022, KDPW issued a statement on the change in the number of bonds subject to registration to 15,000 (previously 50,000).

On 25th of March 2022, the Management Board of Warsaw Stock Exchange (GPW) adopted resolution on admission of 12,102 of Company's P2021B-series bonds to trading on the main Catalyst market, as of the date of registration of Bonds by Krajowy Depozyt Papierów Wartościowych. On 30th of March 2022, Management Board of GPW adopted resolution in which decided to introduce 12,102 of P2021B-series bearer bonds of the Company, as of 4th of April 2022, to trading on the Catalyst main market. Moreover, the GPW Management Board set the date of the last listing of Bonds on 11th of September 2025.

About the above-mentioned events the Company announced in current reports no. 9/2022 dated 24th of February 2022, no. 10/2022 dated 9th of March 2022, no.12/2022 dated 18th of March 2022, no. 13/2022 dated 24th of March 2022, no. 14/2022 dated 25th of March 2022, no. 15/2022 dated 28th of March 2022, no. 16/2022 and 17/2022 dated 29th of March 2022, as well as no. 19/2022 dated 31st of March 2022.

Conclusion of the contract for construction of two warehouse halls in Kolbudy

On 10th of March 2022, Dekpol Budownictwo Sp. z o.o. and a company from the Group of Panattoni Development Europe Sp. z o.o. - PDC Industrial Center 183 Sp. z o.o., signed agreement for performance as a general contractor of construction works including



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

construction of two warehouse halls, a logistics center with accompanying infrastructure in Kolbudy (Investment). The key terms of the contract were agreed by parties on 23rd of September 2021. The investment is being carried out in two phases: phase I, including a warehouse with an area of approximately 49.2 thousand square meters with an office building and all external works, with completion date originally agreed for May 2022, as well as phase II including a warehouse with an area of approximately 24.7 thousand square meters with completion date originally agreed for July 2022. The net remuneration for implementation of the Investment, in accordance with the content of the contract, will amount in total approx. 12.5% of sales revenues of the Dekpol Capital Group for 2021 (converted at the EUR exchange rate as at 10th of March 2022) . The agreement contains provisions regarding contractual penalties in the event of delays in implementation of the Investment or removal of defects. The parties of the contract have the right to demand payment of a contractual penalty in the amount of 10% of remuneration in the event of withdrawal from the Agreement due to the fault of the other party. The total amount of contractual penalties may not exceed 10% of remuneration.

As at publication date of this report, the works in phase I have largely been completed, while phase II remains in progress. The parties are currently agreeing on changes to the contract, they include updates on deadlines for the performance of works.

About the event the Company announced in current report no. 11/2022 dated 10th of February 2022.

Conclusion of preliminary agreements in the property development segment

On 30th of March 2022, Dekpol Inwestycje - Starogard Sp. z o.o. (Buyer) has concluded with an external entity not belonging to the Issuer's Capital Group (Seller), more than 100 preliminary agreements for establishment of separate ownership of apartments and its sale, relating to residential and commercial premises, implemented by the Seller as a part of an investment located in Gdańsk.

Preliminary agreements were concluded as a part of a project aimed at introducing investment into sales offer within property development segment of the Issuer's Group. On the basis of preliminary agreements, the parties undertook to conclude, subject to prior fulfillment or renunciation, of standard conditions precedent, no later than 12 months from the date of receipt of use permit and no later than 31st of August 2025, of agreements to establish a separate ownership of apartments and their sale, on the basis of which the Buyer will buy from the Seller premises with a total usable area of approx. 5.5 thousand square meters. for a total net sale price equal to approx. 6% of sales revenues of the Dekpol Capital Group for 2021, payable in stages until mid-2024.



About the event the Company announced in current report no. 18/2022 dated 30th of March 2022.

Conclusion of a framework agreement for construction works with CTP Invest Poland Sp. z o.o. and receiving of the first two orders

On 27th of April 2022, Dekpol Budownictwo Sp. z o.o. (General Contractor) received from CTP Invest Poland Sp. z o.o. (Ordering Party) a framework agreement for construction works signed by both parties. On the basis of the Framework Agreement, the Ordering Party may place orders for individual investments commissioned by General Contractor. The framework agreement defines general principles of cooperation between both parties, while the detailed rules for implementation of a given investment, including the subject of works, remuneration, schedule and deadline for the performance of works, will be agreed upon by parties in a given order each time. The framework agreement does not specify a minimum or maximum number of orders.

The framework agreement contains provisions on contractual penalties, the value of which in relation to a given order may not exceed 10% of General Contractor's net remuneration indicated in the order. Moreover, the parties have right to claim damages exceeding the amount of contractual penalties. The framework agreement was concluded for an indefinite period and is subject to termination with immediate effect upon notification from one of the parties without giving any reasons, and it is independent from parties' right to withdraw from execution of a given order, which is only granted in cases specified in the Framework Agreement, such as, inter alia, material breach of contractual obligations by General Contractor.

Conclusion of the Framework Agreement constituted fulfillment of condition of the first two orders previously placed by the Ordering Party:

- I) orders dated 5th of April 2022 for comprehensive "turn-key" construction and obtaining of the final use permit for a production and warehouse facility with an area of approx. 64 thousand square meters with accompanying infrastructure in the town called Łomna-Las in Nowodworski Powiat. The value of the net lump sum remuneration for the execution of orders amounts approx. 9% of sales revenues of the Dekpol Capital Group for 2021. The deadline for completion of the object has been set at the end of 2022. The orders were submitted under additional condition that the Ordering Party or a company from its capital group obtains an appropriate construction permit.
- II) orders dated 14th of April 2022 for comprehensive "turn-key" construction and obtaining of the final use permit for two production and warehouse buildings with a total area of approx. 29 thousand square meters with accompanying



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

infrastructure in Zabrze. The value of the net lump sum remuneration for the execution of orders amounts over 6% of sales revenues of the Dekpol Capital Group for 2021. The deadline for completion of objects has been set at the end of 2022.

In connection with conclusion of the framework agreement and obtaining by the company from the Ordering Party's group a construction permit for the the facility in Łomna-Las, all conditions of the above-mentioned orders were fulfilled, and thus on 27th of April 2022, the orders entered into force.

On 28th of September 2022 (an event after balance sheet date), annexes were concluded to the contract for the construction of a facility in Łomna-Las, under which the parties agreed on additional work increasing the value of remuneration by 3% of the original contract value.

About the above-mentioned events the Company announced in current reports no. 20/2022 dated 5th of April 2022, no. 23/2022 dated 14th of April 2022, as well as no. 26/2022 dated 27th of April 2022.

Conclusion of a loan agreement by a subsidiary with Powszechna Kasa Oszczędności Bank Polski S.A.

On 28th of June 2022, Dekpol Budownictwo Sp. z o.o. concluded with Powszechna Kasa Oszczędności Bank Polski S.A. a multi-purpose credit limit agreement in the amount of PLN 50 million (Agreement and Limit, respectively). Under the Limit, sublimits were granted for a revolving working capital loan up to the amount of PLN 30 million and for a non-revolving working capital loan up to the amount of PLN 30 million, which can be used to finance liabilities arising from the performance of general contracting contracts, as well as sublimits for guarantees bank loans issued to secure the liabilities of Dekpol Budownictwo up to the amount of PLN 25 million. The limit was granted for the period until June 2024 (the period of crediting and using the Limit). The credit limit may be used in PLN and EUR currencies. The interest rate on loans granted under the Limit is determined according to a variable interest rate equal to WIBOR1M / EURIBOR1M rate, increased by bank's margin. All obligations of Dekpol Budownictwo resulting from the Agreement are secured by, inter alia, a contractual joint mortgage established on the property located in Toruń and assignment of receivables due to commercial contracts. The contract contains formal and legal conditions, the fulfillment of which was necessary to activate the Limit, as well as obligations, inter alia, to maintain debt ratios at certain levels.

About the event the Company announced in current report no. 30/2022 dated 28th of June 2022.



5.3 FACTORS AND EVENTS, INCLUDING OF UNUSUAL NATURE, AFFECTING SUBSTANTIALLY FINANCIAL STATEMENT

In the first half of 2022, there were no factors or events other than those described in other sections of this report, including those of an unusual nature, which had a significant impact on financial statements of the Issuer and the Capital Group

The factors and risks related to the situation in Ukraine are presented in sections 5.1, 6 and 7 of this report.

5.4 EVENTS AFTER BALANCE SHEET DATE

Until the date of publication of this report, no significant events took place after balance sheet date.

6. FACTORS, WHICH MAY AFFECT ACHIEVED RESULTS IN PERSPECTIVE OF AT LEAST NEXT QUARTER

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

Internal factors affecting the results of the Company and the Group in subsequent periods will be:

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



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

Internal factors that appeared in the first half of 2022 and after its end, which have or may have an impact on results of the Company and the Group in subsequent periods, also include events listed in point 5.2 of this report.

Influence on achieved results will also have external, macroeconomic factors such as general condition of the Polish economy, inflation, GDP growth dynamics, tax policy, current level of interest rates and possible further increases in their level, investment intensity, demand on the domestic market, exchange rates, government programs supporting development of housing, shaping level of prices of construction materials and services, availability of qualified employees, shaping level of wages. The increase in GDP, the wealth of the society and the development of enterprises have an impact on increase in demand for construction services, both in the field of housing and industrial construction. All this has and will have an impact on financial results of the Issuer and its Capital Group.

Risk related to the armed conflict in Ukraine and the current political and economic situation

On 24th of February 2022, Russian troops invaded Ukraine. In the opinion of the Company, the main areas that may indirectly be affected by current situation include: 1) availability of employees, 2) raw materials, their prices and availability, 3) fluctuations on currency market, 4) situation on banking and financial market.

Currently might be observed some symptoms of a slowdown in the economy. The world economies, including Polish economy, were adversely affected, among others, by restriction of gas supplies to Europe via Russia, disturbances in trade with Ukraine, Russia and Belarus, as well as a marked increase in uncertainty, reflecting in decisions of business entities. Economic situation in upcoming months will strongly be correlated with further course of Russia's invasion of Ukraine.

In the field of labor forces, the consequences related to the return of some employees of Ukrainian origin to their home country are still being identified. Within the Capital Group, employment position is stable, while in construction industry, the progressive outflow of these employees may affect timely execution of orders. The challenge in terms of labor forces is still, in the opinion of the Company, identified in the majority of construction and production companies on the Polish market.

Moreover, future economic situation in the country depends primarily on aforementioned armed situation and its consequences, including broken logistic chains and disturbances in functioning of the world economy. According to the macroeconomic forecasts published in July 2022 by the NBP, "domestic economic situation will continue to be influenced by a negative supply shock, as a consequence of which the development of the Polish economy will slow down. Following a period of visible recovery in economic activity in 2021, GDP growth will decline in upcoming



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

quarters. The GDP growth in Poland in 2022 and in 2023 will reach 4.7% and 1.4% year-on-year, respectively. According to the NBP projection, the average annual inflation is estimated at 14.2% and 12.3% in 2022 and 2023, respectively. The average unemployment rate estimated by the National Bank of Poland is to reach 3.1% in 2022 and 3.9% in 2023. Projections indicate that in the following quarters of 2024, unemployment is to increase systematically, reaching 4.7% in the fourth quarter. "

As a result of the ongoing conflict in Ukraine and actions taken by the aggressor, the factors described above may have an impact on Group's development perspectives, results and financial position. Nevertheless, at the moment it is not possible to predict the scale of this impact on the Group, which depends largely on duration of the conflict and further developments in Ukraine and Central and Eastern Europe.

Impact related to an increase in interest rates

As a part of business operations, the Group is exposed to the interest rate risk. Low cost of capital positive for the construction market (related to low level of interest rates) observed in recent years has given way to higher interest rates. The cycle of increases announced by the RPP (Rada Polityki Pieniężnej) brought the reference rate to 6.5% in July this year. As a consequence, this has an impact on a significant decrease in the number of loans granted (the number of applicants for a housing loan in June 2022 was 59.7% lower than in corresponding month of the previous year).

Moreover, further increases in interest rates made by NBP will have an impact on financial results through rising costs of loans and available financial instruments, as well as difficulties in obtaining of financing. Condition of the Polish economy, as well as world markets, depends mainly on three mutually influencing elements, which are: levels of economic growth, interest rates and inflation.

In addition, limitation of the amount of money on the market corresponds to conditions of corporate loans, and thus the need in analyzing of liquidity. Thus, the inability to incur new liabilities will contribute to limitation of investment activities, as few enterprises are able to finance significant development expenditures from their own resources. Banks approach assessment of loan applications more rigorously, which means that only enterprises that are prepared for difficult times will have a chance to implement their investments.

Risk related to coronavirus pandemic (COVID-19)

The COVID-19 virus and its subsequent variants continue to be a factor influencing the global and Polish economy, despite ongoing vaccinations. As at the date of publication of this report, this impact is relatively small, due to reduction in the reported number of cases in Poland. The Dekpol Group continues to identify potential risks that may affect individual areas of the Group's business operations arising directly or indirectly from this situation.



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

7. RISKS AND THREATS FACTORS

From the point of view of the Issuer's future and the Capital Group, the main risks associated with its operation are as follows:

Risks related directly to the operations of the Issuer and the Capital Group

Risk related to the construction process

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

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



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

- lacks in the field of construction materials and human resources necessary for implementation of acquired projects.

The above may have an impact on extension of the entire product manufacturing process, causing an increase in costs and postponement of payments, which in turn increases the likelihood of a decrease in Issuer's result and disturbance of financial balance. Changes in design are a common occurrence in construction process, however, these changes are often subject to additional valuation. Company's staff shifts these risks towards the investor (Ordering party) informing about future and financial threats. These changes are primarily initiated on investor's side. Changes in costs during implementation relates mainly to long-term investments. As at date of publication of this report, short-term investments constitute the main share in ordering portfolio. In case of long-term investments, which are carried out primarily for Dekpol Developer, increase in costs is also reflected in increase in sales per 1 m² of apartments space, which gives the way to partial recovery of costs. Offers prepared by the Group are updated when the client extends decision time regarding choice of offering party and commencement to construction works. In the event of drastic increases during construction phase, the Group attempts to talk to investors on participation in increase of costs. Such discussions often have a positive effect on construction result.

Mistakes made in management of construction process are mainly related to entering into new segments of construction market and entering into new locations. This risk is minimized with increase in the experience of our staff, appropriate arrangement of construction organigram and unification of construction implementation processes in terms of management and technical aspects. Mistakes related to applied technical and technological solutions mainly result from poorly designed and adopted solutions by designers. In order to compensate the costs incurred, the Group launches instruments in accordance with contractual provisions aimed at project authors and suppliers.

Risk related to weather conditions

Conducting activity on the wider construction market, the Capital Group is particularly dependent on atmospheric factors. They have an impact not only on the implementation of construction projects, but also on the seasonality of revenues from sales. Revenues from this activity are traditionally the largest in the summer periods, while they usually decrease in winter periods, in particular in the first quarter of a given year. Weather anomalies may have an adverse effect on the timing of projects, the extension of which may result in increased project costs and customer claims due to non-compliance with contractual conditions. The Capital Group, while creating a project implementation schedule, assumes typical atmospheric conditions for the given seasons. The Capital Group is trying to plan implementation schedules so that during winter periods, it will ensure finishing works inside buildings and perform tasks that can



be performed at sub-zero temperatures. In spite of undertaking actions aimed at flattening the revenue structure, it should be taken into consideration the diversity of financial results in individual quarters of the year.

Risk of changes in prices and availability of materials, raw materials and goods

In case of the activity conducted by the Capital Group, due to the length of the entire production process, the risk of material price increases is significant, which translates directly into the disruption of the investment budget and its profitability. The same applies to the availability of the necessary materials and raw materials. Their limitation would entail disruption of the entire production process and delay in the completion of projects. In addition, the risk of rising fuel prices, which is an important price-creating factor, must also be taken into account. However, if the overall level of investment increases, there is a risk of lengthening the waiting time for the necessary materials. The occurrence of such a situation may have a negative impact on the Capital Group's financial result and its development prospects. Therefore, actions are taken to minimize this type of risk by concluding long-term contracts with key suppliers. Thanks to this, it is possible to balance unfavorable factors and more accurate cost planning, translating directly into the Capital Group's profitability.

Risk related to underestimation of contracts

The Capital Group's contracts are based on their previous cost estimation. There is a risk that some of the works may be omitted from incomplete or incorrect recognition, and in the light of the lump-sum character of remuneration for work - the necessity of bearing their costs by the Capital Group itself, and as a result - losses on the investment. This may have a negative impact on the Issuer's operations, financial position or results. It should be explained that the Capital Group makes due diligence in the preparation of offers and employs qualified and experienced cost estimators, while during the implementation of the investment, it verifies the costs incurred in relation to the assumed ones.

Risk related to the contracts being performed, including defects and failures

Due to the fact that the construction process is very complex, in itself it can be a source of risk for the Capital Group. Despite cooperation with renowned and proven contractors and suppliers, as well as ongoing supervision over the performance of works, the Capital Group is not able to fully guarantee the absence of failures or defects in the completed investments. The disclosure of failures or defects may have a negative impact on the Issuer's market image and its financial result due to the need to incur additional costs related to the removal of the defect or failures. In addition, long-term removal of defects and failures may lead to failure to meet project deadlines, which will also adversely affect the Capital Group's financial situation, due to the need to pay potential contractual penalties to clients with whom term contracts or payment of amounts resulting from claims for damages have been concluded. It cannot be ruled



out that materials used to carry out construction works will have hidden defects that may affect the quality of the investment. In connection with the above, the Issuer applies various methods of protection against this type of risk. First of all, the implemented procedures minimizing delays are applied in the implementation of the investment. Agreements are concluded with permanent and proven suppliers and subcontractors who provide the Capital Group with high quality and timely work as well as deferred payments. Also, important here are the efficient procedures for ongoing internal control and monitoring of individual orders. It is worth emphasizing that in the Issuer's current operations such events have occurred sporadically.

Risk related to the concentration of business activities on the local market

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

For mitigation of this risk, the Issuer actively looks for new investment opportunities throughout the country, which will increase independence from the situation on a local market and contribute to Issuer's development. In the structure of the Group, the Issuer owns company UAB DEK LT Statyba, which has historically been established to support business activities of the Issuer's Group in Lithuania in implementation of general contracting projects, as well as for management of future contracts in Lithuania. Currently Dekpol Budownictwo Sp. z o.o. is involved in the process of obtaining certification that enables independent implementation of construction projects in the territory of the Republic of Lithuania. Moreover, the companies from the Issuer's Group own land outside the Pomeranian Voivodeship (Warsaw, Wrocław). For the implementation of the project in Wrocław, the Company signed a preliminary contract, which it announced about in current report no. 11/2021. The Issuer's Group also focuses on strengthening its market position and increasing its competitive advantage by providing high-quality and timely services as well as offering comprehensive solutions for private investors, including investors representing international concerns developing their operations in Poland.



Risk related to concentration of general contracting projects on warehouse market

For several years, participation of warehouse projects in the Issuer's order portfolio has significantly increased (as warehouse projects the Issuer qualifies: warehouse halls, production and warehouse halls, production and warehouse halls with an office building, warehouse and service halls with an office building). The focus on warehouse projects results from the fact that Dekpol has been a leading contractor of this type of agreements in Poland for many years, moreover, the dynamic development of the warehouse market in Poland can be observed and it fits well with the strategy of the Issuer's Group in the general contracting segment (focus on short-term contracts, the completion date of which, as a rule, does not exceed 8 months).

The Issuer notices a significant concentration on this type of projects in its order portfolio. In the event of a collapse / decrease in this market segment, the Company may record a smaller number of contracts, which could potentially have a significant negative impact on the level of generated revenues and profits as well as further development of the Issuer. Hence, the Company is already taking steps to counteract this eventuality by diversifying of sources of acquisition of construction projects, primarily by expanding sales structure and pricing of general contracting services to respond to business opportunities even more broadly. In addition, the Company systematically uses non-industrial and logistic cubature projects such as car showrooms, passenger service areas or commercial facilities. In this way, the engineering competences of the general contracting team are maintained (and in some cases expanded) in the above-mentioned scope, so that in the event of reduced demand for industrial and logistic halls, a shift towards other types of contracts than those currently being performed is made.

Risk related to changes in market trends

One of the most serious risks is the possibility of changes in market trends. The demand for investment goods is affected by many variables independent of the Capital Group. On the other hand, the revenue generated by the conducted activity is directly affected by demand and supply for construction services. There is a risk of deterioration in the construction market by limiting the amount of investment, which may translate into the level of the margin, and thus - the profitability of the Capital Group. In addition, the Capital Group's revenues depend to a large extent on the activity of investors in the region. A reduction in the level of investment may have an adverse effect on its financial results and development prospects. To mitigate this risk, the Capital Group is looking for new contracts in the wider market. This serves to minimize the risk of concentration of activity only on the local market. In addition, the Management Board, in case of adverse market changes, will implement measures aimed at adapting the Capital Group to the changing market realities, e.g., through actions aimed at reducing costs.



Risk of falling apartments prices

Decisions made by Issuer's Group must take into account relatively long-time horizon for each investment, as well as significant fluctuations in selling prices of premises during projects implemented, over which the Issuer has no exclusive control. These factors may have a significant impact on Group's profitability and its financial needs. The price level is influenced by supply-demand relationship, which is influenced by e.g. purchasing power of potential customers and available amount of financing costs for the purchase of premises. A drop in apartment prices may have a significant negative impact on business operations, financial situation, results and development perspectives of the Issuer's Group. Real-estate development market is usually reacting with delay compared to other asset classes, and possible falls in apartments prices may only be seen in longer term. At the present time, the Issuer does not aim to lower the prices of its investments, although in the event of potentially sustained downward trend in prices on the housing estate market, it will be forced to adjust its price lists so that its offer remains competitive on the market.

Risk related to non-payment of receivables by ordering parties

Contracts for the execution of construction works usually include clauses concerning payments for individual construction stages and provisions guaranteeing partial invoicing for performed works. As a result, the risk of payment default for services provided is low. However, there is a risk that, despite the implementation of a given stage of work, the principal fails (or does not meet his / her agreed dates) from the agreed payments, which may lead to limitation of the Capital Group's financial liquidity and, in extreme cases, lead to financial losses. The Issuer tries to limit the above risk by signing contracts with reliable contractors, however, it cannot guarantee that such losses may incur in the future. In addition, all customers who are interested in using the trade credit are subject to verification procedures, and the Issuer monitors the receivables on an ongoing basis. It is also important that this type of risk is limited to a certain extent by the provisions of the Civil Code regarding payment guarantees for construction works.

Risk related to the implementation of real-estate development projects

The property development project cycle is a long-term cycle (over 24 months), characterized by the need to incur significant financial outlays and the total return of incurred expenses only after the minimum of 2 years. In line with adopted strategy, Dekpol Developer buys ground properties for multi-stage projects (e.g. Neo Jasień (formerly Osiedle Zielone), Osiedle Pastelowe, Osiedle Kociewskie (formerly Nowe Rokitki), Sol Marina, Grano Resort in Sobieszewo). The next stages of projects are usually launched at intervals of 6 to 12 months. The issuer usually has to pay for the ground property in full, and the complete development of the ground may take place even up to several years after its acquisition date. A long delay in sales may, in particular in the



event of an unfavorable macroeconomic situation, result in non-recovery of some or all of the invested funds. Therefore, the moment of obtaining revenues may be significantly distant in relation to expenditure incurred for implementation of a given project.

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

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

Risk associated with the use of clauses not allowed in contracts concluded as part of the real-estate development activity

The Dekpol Group operates, among others in the property development industry, selling premises largely to consumers. In relations with consumers, the Dekpol Group uses usually developed contract templates. There is a risk of accusation against the Issuer that the formulas used contain prohibited contractual provisions, which, pursuant to Art. 385 (1) §1 of Civil Code it is understood as such unconcerned individual clauses that shape its rights and obligations in a manner contrary to good customs, grossly violating its interests. This may have a negative impact on the Group's operations, financial position or results. It should be explained that the Issuer negotiates contracts with clients and provides the possibility to individually agree their provisions. So far, there have been no proceedings against the Group regarding recognition of the provisions of the template as prohibited.

Risk of accidents at construction site

The Dekpol Group, as conducting construction works as a general contractor during the implementation of individual projects, is responsible for its employees. Exclusion is subject to liability for employees of subcontractors, except for cases resulting from misconduct, negligence on the part of the Group. Minimizing the indicated risk takes place through appropriate organization of work and strict compliance with health and safety at work regulations. However, the risk associated with possible claims for damages in case of an accident at the construction site, which may also affect the timeliness of the work carried out, cannot be excluded.



Risk related to subcontractors

One of factors having a significant impact on proper course of contract implementation is cooperation with subcontractors. In the process of contract execution, the Issuer's Group, apart from its own human resources, takes advantage of services of subcontractors, at the same time taking over from the ordering parties (investors) the risk related to improper performance of terms of contract or untimely performance of the subject of contract by subcontractors. This may result in Group's breach of the contract with the ordering party and lead to claims against the Group and expose it to loss of the reputation of a reliable contractor, which will adversely affect the Group's financial result. The Group tries to reduce this risk by increasing executive resources, appropriate selection of subcontractors and taking steps to build a database of reliable, proven and regularly cooperating subcontractors with appropriate certificates and experience. In addition, the Group, when constructing contracts with subcontractors, specifies terms and conditions, trying to protect them against non-performance or improper performance of contract terms by these entities, mitigating this risk to the subcontractor or supplier.

Limited availability of external subcontractors may also result in an increase in costs incurred on behalf of subcontractors, and thus adversely affect results and financial situation of the Group. It should also be noted that if the Group takes advantage of services of subcontractors without obtaining the consent of the investor or contractor, it is exposed to contractual risk provided for in some contracts. Moreover, in such cases, provision of Art. 6471 of the Civil Code providing for joint and several liability of the entity concluding contract with subcontractor (contractor) and the investor for payment of remuneration for services provided by subcontractor. Being aware of this risk, the Group always strives to obtain appropriate approvals from ordering entities.

Risk associated with acquisition of new contracts

The nature of the business activity conducted by the Dekpol Group means that a significant number of contracts is obtained through a tender. The Group's Management Board prepares offers, defines and optionally negotiates the terms of bids, and prepares the Company for the implementation of these contracts, however, it does not affect the criteria for the assessment of bids, which are the basis for their selection. One of the key factors contributing to the success of the Dekpol Group is the consistent implementation of the development strategy focused on acquiring contracts with the highest profitability. The Capital Group has developed an effective contract valuation system, which, combined with strict cost control, means that the Dekpol Group is currently executing contracts at assumed profitability and achieving good financial results. The Group pays attention to the restructuring and minimization of all cost elements, both at individual stages of the contract execution as well as the general management costs of the Company. It cannot be ruled out that changing



market conditions will negatively affect the Issuer's ability to acquire new contracts and achieve a satisfactory level of margin. In order to minimize this risk, the Group aims to continuously improve the project management system including the process of bidding and budgeting contracts. In addition, high activity in tender procedures contributes to the continuous improvement of efficiency in obtaining new contracts.

Risk related to competition

Construction market in Poland is served by a large number of business entities, both domestic and foreign, including significant European groups / construction companies. In terms of competition, the Dekpol Group on the one hand deals with small companies that provide their services on local markets, and on the other with strong capital groups that carry out large and complex construction projects. The Group implements industrial construction facilities in the general contracting system. The Dekpol Group focuses on strengthening its market position and increasing its competitive advantage by providing high quality services and timeliness, as well as offering comprehensive solutions for both private investors and investors representing international concerns developing their operations in Poland. In order to minimize the risk associated with competition, the Group carries out his work with the utmost diligence, building the best possible relations with clients. In addition, the Group limits the risk in question by diversifying its operations (implementation of investments as part of general contracting, property development activities, steel structures and elements of construction machines).

Risk of small availability of mortgages / housing loans

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

Possible decrease in availability of mortgages/housing loans, as well as deterioration in the creditworthiness of potential buyers of residential estates may adversely affect Issuer's Group's revenues. Changes in regulatory policy affecting banks' creditworthiness assessment and banks' policies in this regard may cause a decrease in demand for new



apartments, and thus may have a negative impact on Group's operations, development perspectives, financial situation or results.

Risks related to the environment in which the Issuer and the Capital Group operate

Risk related to the armed conflict in Ukraine and the current political and economic situation

From the Group's perspective, described in point 6 of this report, below by segments.

General Contracting segment

The armed conflict in Ukraine is a potential risk for the construction industry in 2022. First of all, it should be taken into account: (1) an outflow of employees from Ukraine returning to fight in the defense war, and (2) an increase in prices and (3) a deterioration in availability of materials due to an increase in prices of raw materials. The situation of Russia's economic blockade and the war in Ukraine itself may also have an impact on construction industry in Poland, however, as at the date of the report, it is not possible to assess possible effects of, for example, embargoes or concerns on financial markets. The outflow of employees is a phenomenon that occurs on a varied scale at Company's subcontractors. Adding to the above the expected increases in prices of raw materials, construction materials, fuels and utilities, it causes necessity to exercise great caution in offers submitted to customers - deadlines binding the Company with offers to 7-14 days, and sometimes even 2 days are shortened, as a part of offers are submitted also expectations regarding advance payments to secure prices of materials at an early stage of project implementation, special bidding procedures are also introduced, etc. Rising energy and utility prices may also be a challenge. The company will look for new sources of obtaining metallurgical and insulation materials: in Turkey, in the Far East, in countries in southern Europe.

Property Development segment

Entire property development industry is closely following events in the geopolitical arena. The consequences of the conflict in Ukraine are currently difficult to predict. The impact of military action on industries will depend on further development of events. On the one hand, an increase in demand can be expected due to rapidly decreasing number of apartments for rent available on the market, on the other hand, it should take into account possible delays in implementation of projects caused by the outflow of employees from Ukraine employed in the construction segment and a reduction in supply of construction materials. Investment apartments segment should not be at risk, as the monetary situation of the Polish economy continues to encourage investment in real estate to a degree that exceeds potential slowdown caused by investors' concerns about further escalation of the conflict.

Segment of production of accessories for construction machines



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

Direct and indirect impact of the war in Ukraine on business activities of Dekpol Steel is difficult to precisely predict at the present stage and requires an approach to the analysis of the situation from demand and cost perspective in the short and medium term. The observed turbulences caused by broken supply chains and an increase in prices of raw materials, mainly steel, as well as components used in production (actuators, tooth systems) as well as increase in transport costs will affect all entities operating in the industry. With continued demand for offered products, the key task will be to adjust prices of offered products to the growing cost level in order to protect the margin. In long term perspective, however, it cannot be ruled out that the above factors, as well as limited availability of staff on the part of customers, will affect limitation or suspension of long-term investments, and thus will result in reduction in purchasing of new machines and, consequently, their accessories. Dekpol Steel analyzes all of the above aspects on an ongoing basis in order to properly adapt conducted business activity to market conditions.

Risk related to coronavirus pandemic (COVID-19)

The risk affecting the global and Polish economy is the still prevailing COVID-19 virus pandemic and its subsequent variants, despite ongoing vaccinations. The Dekpol Group identifies potential risks that may affect the Group, arising directly or indirectly from current situation.

In relation to the industry of production of accessories for construction machines, these are primarily: limited availability of administrative and production employees as well as limitation or suspension of production in plants supplying materials or components for production. It cannot be ruled out that in this situation there may be delays in project implementation due to occurrence of force majeure circumstances. Possible delays may result in disputes over payment of remuneration for works performed by entities from Issuer's Group, related in particular to charging of contractual penalties or damages by contractors for failure to perform contracts on time. On the other hand, the economic crisis caused by Covid-19 pandemic may have an impact on financial situation of the Issuer's contractors or entities from the Issuer's Group, which may result in delays in payment of receivables due to the Issuer or entities from Issuer's Group, or even complete insolvency of these contractors.

Some of the above risk categories may also apply to the General Contracting segment, which as at the date of publication of this report effectively resists pandemic threats, maintaining compliance with planned construction production schedules on all projects, despite the occurrence of disease cases. However, potential risk of suspension or slowdown of construction works and the occurrence of logistic difficulties may in the future cause delays in implementation of construction projects, resulting in inability to complete investment on time. The above, in turn, may increase the risk of potential buyers withdrawing from already concluded contracts or charging contractual penalties. Moreover, restrictions in work of public administration offices or remote work



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

of officials, in particular construction commissioners and offices supporting activities of network administrators, are also a certain obstacle, which may cause delays in issuing administrative decisions, both construction permits and use permits. However, related risks are controlled by the Group through advance contacts with the above-mentioned entities, and implemented procedures of procedural simplification at the national level systematically improve the situation.

In property development industry, the Company also recognizes the risk of temporary hotel closings during a pandemic, which may translate into reduced demand for premises in constructed aparthotels and condo hotels. There is also a risk of a temporary reduction in demand for residential real estates, which may result in a smaller number of contracts concluded in connection with sales of these properties, including reservation, preliminary and development agreements. In the opinion of the Company, postponing the moment of their conclusion should not affect results in the long-term perspective, but only in the next few months.

In addition, potential risk of suspension or slowdown of construction works and the occurrence of logistical difficulties may cause delays in implementation of construction projects, resulting in inability of completion of investments on time. The above, in turn, may increase the risk of potential buyers withdrawing from already concluded contracts or charging contractual penalties. The company also notes that the economic crisis caused by pandemic may have an impact on financial situation of company's counterparties, which may result in delays in payment of company's receivables, or even complete insolvency of these counterparties. In the event of a significant increase in this phenomenon, the Issuer's financial liquidity may deteriorate, despite financial provisions existing as at the date of this report, intended to cover operating losses.

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

The risk related to the macroeconomic situation

The results obtained by the Dekpol Group depend on the macroeconomic situation and the pace of economic growth in the markets on which its operations are



conducted. Due to the fact that the Group operates mainly on the Polish market, the shaping of the economic and political situation in Poland has a significant impact on the financial results achieved and the implementation of the strategy. Unfavorable changes, including in particular a slowdown in economic growth, may negatively affect the level of investment expenditures in the economy, lead to a deterioration of the construction market, including through a smaller supply of projects for general contracting, and cause a slowdown in development and deterioration of Group's profitability.

Risk of instability of the Polish tax system

Regarding the Polish tax system, there are frequent amendments, incoherence and lack of uniform interpretation of tax law. These inaccuracies entail significant risks related to the tax environment in which the Group operates. Questioning by the tax authorities of tax settlements made by the Issuer, due to discrepancies or changes in interpretation or non-uniform application of tax law by various tax administration authorities, may result in imposing relatively high penalties or other sanctions on the Group. Considering the relatively long period of limitation of tax liabilities, the assessment of tax risk is particularly difficult, however the fulfillment of the risks described above may have a material adverse effect on the Group's operations, financial position or results.

Risk related to the lack of stability of the Polish legal system

The Polish legal system is subject to numerous changes that have a huge impact on the Dekpol Group's operations. The most important for him are changes made in the following legal provisions: - construction law, - commercial law, - tax law, - labor and social insurance law, - law established by local government units. Introduced legal changes can potentially create a risk related to interpretation problems, lack of case-law practice, unfavorable interpretations adopted by courts or public administration bodies. It should also be remembered that currently 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. Since the knowledge of Community jurisprudence is not common in Poland, and the Polish courts do not always apply it, a situation may arise where the sentence pronounced in Poland will be repealed as incompatible with European law. Implemented legal changes can potentially create a risk related to interpretation problems, lack of case-law practice, unfavorable interpretations adopted by courts or public administration bodies. It should also be remembered that currently 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. Since the knowledge of Community jurisprudence is



not common in Poland, and the Polish courts do not always apply it, a situation may arise where the sentence pronounced in Poland will be repealed as incompatible with European law. Changes in law or various interpretations may create some threats. Inconsistency, lack of uniform interpretation of legal provisions, frequent amendments and existing contradictions between the provisions of laws and executive acts entail a serious risk in running a business. Possible changes in the regulations may lead to negative effects on the Group's operations. The entry into force of the new regulations on business transactions may be connected with interpretation problems, inconsistent court decisions, unfavorable interpretations adopted by public administration bodies, etc. Changes in law related to this may affect the legal environment of business operations, including the Dekpol Group's. In order to minimize the above-described risk, the Dekpol Group monitors the changes of the law on an ongoing basis and uses professional legal assistance.

Risk associated with construction regulations

Due to the type of activity conducted by the Dekpol Group, the most important legal acts are regulations in the field of construction law and general execution of implemented investments. The basic duties that should be met and implemented by the Capital Group during the implementation of the investment, as well as before and after its completion, are defined by the Construction Law Act of 7th of July 1994. (Journal of Laws 2019, item 630). In addition, the provisions of the Civil Code regulating the issue of contracts and construction works provide for additional restrictions related to the occurrence of the Group as a general contractor or investor. They were included in Title XVI of the CC, which defined the form and scope of the contract, scope of works, payment guarantee and its amount, information on obstacles and damages at the construction site, a form of partial acceptance, as well as the risk of destruction of the facility. An inappropriate manner of performance of duties is connected with the risk of a delay in the performance of a given project, its suspension or non-performance, and may have a negative impact on the financial result and the operations or organizational situation obtained by the Capital Group. However, according to best knowledge, contracts for construction works, to which the Dekpol Group was or is a party, contain provisions in accordance with the provisions of the Civil Code.

Risk related to initiatives of public authorities regarding condo hotels and apart-hotels

As a part of real-estate development activities, entities from the Issuer's Group have offered and intend to offer in the future sales of premises also in condo hotel and apart-hotels model. The subject of the offer is the ownership of a non-residential premises, and conclusion of a lease agreement for this premises with an entity that will conduct operating activities in a given hotel facility (an entity not belonging to the Issuer's Group). In 2019, the Polish Office of Competition and Consumer Protection (UOKiK), the Polish Financial Supervision Authority (KNF) and the Ministry of Investment and



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

Development (MliR) launched an information campaign in which they warned about risks associated with investing in rooms in aparthotels and condo hotels. Although the Issuer agrees with the theses presented in the campaign and sees the need to conduct it, the content of the announcements raised concerns among consumers and the Issuer's clients and, as a consequence, may lead to a decline in interest in this type of offer. It cannot be ruled out that in the future further information campaigns or legislative initiatives will be undertaken, which will result in lack of interest in premises in condo hotels and aparthotels by customers or, as a result of the introduced security measures and restrictions, will make such investments unprofitable.

Risks related to financial position

Currency risk

The Dekpol Group operates mainly in Poland; however, a growing part of the GW segment contracts are concluded in the currency (EUR). In this respect and in the area of export activities, the Group is therefore exposed to the risk of exchange rate fluctuations. Strengthening the exchange rate of the Polish currency against the currencies of the countries to which the Group's products are exported will lead to a decrease in sales revenues, which in turn will have a negative impact on the financial results achieved by the Group.

The risk is limited by concluding of forward contracts.

Interest rate risk

The Dekpol Group finances its activities, among others with variable 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 increase in financial costs. In addition, high exposure associated with this risk and inappropriate assessment of this risk may adversely affect the Group's financial results.

The risk is limited by concluding interest rate risk hedging transactions (CAP, IRS).

Risks related to bonds issued

Due to bonds issued, the Group's assets may be depleted, as in case of defaults on repayment of liabilities, including interest payments, the bondholders have grounds to enforce their early redemption, which may significantly deplete the Group' current assets. Nor can it be ruled out that, in case of non-payment of obligations, bondholders - creditors may exercise their right to apply to court to declare bankruptcy. As at the date of publication of this document, the Group has no problem with timely debt bond service. The Group, as at the date of publication of this document, does not identify real risks related to bonds issued. However, taking into account all the risks directly related to the operating activity, the Group does not rule out that in the future there may be problems in the timely repayment of liabilities.



Risk related to financing the current business activities

The Dekpol Group finances its activities also with the use of funds from bank loans. As at the date of this report, there are no indications of possible difficulties of Dekpol Group companies with repayment of their obligations under loan agreements. However, the risk of such problems arising in the future cannot be completely eliminated. In extreme cases, in order to meet its liabilities, the Group may be forced to sell some of its assets, which could adversely affect Group's financial position and the possibility of further development.

Risk of breach of obligations provided for in loan agreements and in terms and conditions of bonds issue

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

Any failures in meeting of obligations under loan agreements or bond issue terms and conditions may result in maturity of debts before originally scheduled repayment date and a significant deterioration in financial liquidity of entities from the Issuer's Group. The above may result in use by bank or bondholders of a security specified in loan agreements, including enforcement against properties encumbered with a mortgage. Thus, there is a risk that properties or other assets belonging to the Group may be seized, which may result in the Group losing some of its significant assets. Events indicated above may have a negative effect on Group's operations, financial condition and results of business operations. In order to prevent the occurrence of indicated circumstances, the Issuer performs on an ongoing basis assessment of debt status and controls the compliance with covenants contained in the loan agreements and terms and conditions of bond issue.

Risk related to overdue liabilities

The main group of creditors are subcontractors of general contracting services provided by the Issuer. Most of liabilities repaid after maturity date arise as a result of contractor's failure to provide complete documentation. In accordance with internal



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

procedures in force in Issuer's Group, the possibility of making payments for due and undisputed invoices takes place after delivering of a complete set of documents for the report in accordance with contractual provisions. Immediately after notification of deficiencies, contractors are informed about the situation and are obliged to supplement formal deficiencies, so that the payment date depends on fulfillment of the above-mentioned. In the balance of overdue liabilities, there is not a large focus on one subcontractor.

The occurrence of overdue liabilities may affect deterioration of relations with entities performing works for the Group, and in extreme cases, they may stop providing services to the Group and take legal actions. Such proceedings could lead to delays in execution of construction contracts carried out by the Group. The presence of high balances of overdue liabilities may also make difficult to establish cooperation with new contractors. However, it should be borne in mind that the recorded level of overdue liabilities does not differ from the average in the general contracting sector.

8. SURETIES AND GUARANTEES

In the first half of 2022, the Company and its subsidiaries did not grant any sureties or guarantees regarding financial liabilities of entities other than those listed in tables below.

Intra-group sureties are granted for remuneration adequate to the type, validity and amount of the surety.

Sureties of loan or borrowing of companies from the Dekpol Capital Group granted in H1 2022

Beneficiary	Product	Amount of surety in thousands of PLN	Currency	Debt / usage of a limit as at 30.06.2022 in thousands of PLN	Type of collateral	Contractual repayment date / validity of a limit	Beneficiary
-------------	---------	--------------------------------------	----------	--------------------------------------------------------------	--------------------	--------------------------------------------------	-------------



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

Dekpol Budownictwo Sp. z o.o.	Loan at mBank S.A. multi-currency revolving credit agreement for buyout of invoices no. 10/003/22/Z/F	20 000	PLN	2 957	EUR	surety Dekpol S.A.	2022-09-30
Dekpol Budownictwo Sp. z o.o.	Loan at mBank S.A. scheme agreement no. 10/013/22/Z/PX	30 000	PLN	0	PLN	surety Dekpol S.A.	2023-03-31
Intek Sp. z o.o.	Loan at PKO BP agreement no. 79 1020 1462 0000 7402 0392 1897	7 000	PLN	1 255	EUR	Joining to debt Dekpol Steel sp. z o.o.	2023-01-27

At the request of the Group companies, guarantees were granted by financial institutions to secure contractual obligations. Guarantees of significant value are indicated in the table below. The companies from the Group granted guarantees and received guarantees concerning, inter alia, performed construction works, however, in the opinion of the Group, the total value of existing guarantees is not significant in the context of the scale of business operations of the Capital Group and its financial results.



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

Guarantees of companies from the Dekpol Capital Group of significant value granted in the first half of 2022

Beneficiary	Principal	Entity whose obligations are guaranteed	Guarantee issuer	Product	Guarantee amount in thousands of PLN	Currency	Guarantee validity period
Press Glass	Dekpol SA	Dekpol Budownictwo Sp. z o.o.	KUKE CREDEND O	4 guarantees	12 407	PLN	2027-12-01*
CTP Invest Poland	Dekpol Budownictwo sp. z o.o.	Dekpol Budownictwo Sp. z o.o.	BNP	2 guarantees	11 190	PLN	2027-12-16*
CTP Invest Poland	Dekpol Budownictwo sp. z o.o.	Dekpol Budownictwo Sp. z o.o.	TU EULER HERMES	2 guarantees	11 325	PLN	2028-03-01*

* Quality guarantee expiry date.

9. TRANSACTIONS WITH AFFILIATES

In the first half of 2022, the Company and its subsidiaries did not conclude any transactions with related parties on terms other than market terms.

10. COURT LITIGATIONS, PROCEEDINGS IN ARBITRATION BODIES OR IN PUBLIC ADMINISTRATION AUTHORITIES

In the first half of 2022, there were no new, significant proceedings before a court, a body competent for arbitration proceedings or a public administration authority,



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

regarding liabilities and receivables of the Company or its subsidiary. The proceedings with the highest value in dispute are presented below.

Proceedings against Soletanche Polska Sp. z o. o.

The Issuer brought proceeding against Soletanche Polska Sp. z o.o. and Powszechny Zakład Ubezpieczeń Spółka Akcyjna (insurer Soletanche Polska Sp.z o.o.) for the payment of PLN 6 875 997.54 (six million eight hundred seventy five thousand nine hundred ninety seven zlotys fifty four groszy) with statutory interest for the delay. The indicated amount consists of claims for damages due to improper performance of obligation by Soletanche Polska Sp. z o.o. (acting as a subcontractor), i.e. construction works for a third party - the investor. The proceedings were pending before the District Court in Gdańsk. Currently, witnesses are questioned at the next 67 hearings. Moreover, the Court admitted evidence based on the opinion of a court expert, inter alia, as to whether Soletanche Polska Sp. z o.o. properly performed the subject of works.

11. OTHER INFORMATION SIGNIFICANT FOR ASSESSMENT OF POSITION OF THE CAPITAL GROUP

There is no information other than information indicated below and in remaining items of this report that, in Company's opinion, would be significant for assessment of the employment, property, financial situation, financial result of the Company and the Capital Group and their changes, as well as information that would be significant for the assessment of the possibility of meeting obligations by the company and the Dekpol Capital Group.

Dekpol S.A.

Annex to the Investment Loan Agreement of the company with PKO BP S.A.

On 7th of March 2022, Dekpol S.A. concluded with PKO Bank Polski S.A. (hereinafter PKO BP S.A.) annex to the investment loan agreement dated 17th of July 2020 (Loan). Pursuant to the annex, PKO BP S.A. converted the amount of debt under the Loan from PLN to EUR currency. Due to the change of the Loan currency, the amount of debt as at the annex conclusion date amounted to EUR 1.05 million. The reference rate was also changed from WIBOR 1M to EURIBOR 1M. Other terms of the agreement remained unchanged.



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

In addition, on 11th and 14th of March 2022, Dekpol S.A. concluded with PKO BP S.A. interest rate swap (IRS) transactions in order to reduce the negative impact of changes in market interest rates on cash flows as well as to minimize financial costs.

Agreement on granting of contractual guarantees under a renewable limit with TU Euler Hermes S.A.

On 6th of April 2022, Dekpol S.A. concluded with Towarzystwo Ubezpieczeń Euler Hermes S.A. an agreement on granting of contractual guarantees within renewable limit. The limit within which the Company may apply for contractual guarantees amounts PLN 12 million, and the agreement was concluded for an indefinite period. Together with Dekpol S.A., the subsidiary Dekpol Budownictwo Sp. z o.o. may take advantage of the limit available.

Master agreement for insurance guarantees with UNIQA Towarzystwo Ubezpieczeń S.A.

On 11th of April 2022, Dekpol S.A. concluded a master agreement for insurance guarantees with UNIQA Towarzystwo Ubezpieczeń S.A. The available limit under which a company may apply for a guarantee amounts PLN 20 million and is valid until 10th of April 2024. Together with Dekpol S.A., the subsidiary Dekpol Budownictwo Sp. z o.o. may take advantage of the limit available.

Conclusion of a CAP Option Transaction

On 5th of May 2022, Dekpol S.A. concluded with BNP Paribas Bank Polska S.A. two CAP transactions for the amount of PLN 19.15 million and PLN 11 million, respectively. The purpose of conclusion of the CAP transaction is limitation of the risk of an increase in interest rate related to financial liabilities of the Company.

Conclusion of annex to the agreement on insurance guarantees with Credendo-Guarantees & Specialty Risk Societe Anonyme

On 8th of August 2022 (event after balance sheet date), Dekpol S.A. concluded an annex to the insurance guarantee agreement with Credendo - Guarantees & Specialty Risk Societe Anonyme. The annex changed the amount of the available guarantee limit from PLN 20 million to PLN 46 million. The agreement is valid for an indefinite period, while the entities enabled to take advantage of the limit together with Dekpol S.A. are the following subsidiaries: Dekpol Inwestycje Sp. z o.o. Braniborska Sp.k, Dekpol Inwestycje Sp. z o.o., Dekpol Deweloper Sp. z o.o. and Dekpol Budownictwo Sp. z o.o.

Conclusion of an investment loan agreement with PKO BP S.A.

On 25th of August 2022 (event after balance sheet date), Dekpol S.A. concluded an investment loan agreement with PKO BP S.A. in the amount of EUR 2.74 million. The loan



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

was granted for refinancing of expenses related to the purchase of shares in the company Kombet Działdowo Sp. z o.o. The loan repayment date has been scheduled for 30th of August 2030.

In addition, on 30th of August 2022, Dekpol S.A. concluded with PKO BP S.A. interest rate swap (IRS) transaction in order to limit negative impact of changes in market interest rates on cash flows as well as to minimize financial costs.

Issue of 2022AC-series bonds

On 29th of September 29, 2022 (event after balance sheet date), Dekpol S.A. issued 2022-AC-series bonds in the amount of EUR 2.4 million with final maturity date on 29th of March 2027. The issued bonds will be subject to partial redemption in the amount of EUR 360 thousand on 29th of March 2026 as well as in the amount of EUR 360 thousand on 29th of September 2026. The bonds are secured and bear interest according to the EURIBOR6M interest rate increased by margin. The funds from the bond issue will be used to grant an intra-group loan to Dekpol Deweloper Sp. z o.o. in order to make a partial early redemption of company's C-series bonds. 2022AC series bonds will not be traded on organized market.

Dekpol Deweloper Group

Purchase of a ground property in Wrocław

On 10th of January 2022, the company Dekpol Deweloper Sp. z o.o. purchased a ground property with an area of 0.22 ha in Wrocław. The purchase price of the property is not of a significant value from the perspective of financial position and results of the Dekpol Group. The Company plans to carry out on the ground property a development investment in upcoming years.

Working capital loan agreement with mBank S.A.

On 6th of April 2022, Dekpol Inwestycje Spółka z ograniczoną odpowiedzialnością Pastelowa sp.k. concluded with mBank S.A. a working capital loan agreement in the amount of PLN 39.06 million. The loan was granted to finance and refinance expenses related to the implementation of the property development project called Osiedle Pastelowe - Stage 2 in Gdańsk. The loan will be disbursed in tranches, and the loan repayment date is scheduled for 30th of November 2023.

Conclusion of a CAP Option Transaction

On 5th of May 2022, the company Dekpol Deweloper Sp. z o.o. concluded with Santander Bank Polska S.A. a CAP transaction for the amount of PLN 20 million. The



purpose of conclusion of the CAP transaction is to limit the risk of an increase in the interest rate related to the company's financial liabilities.

Obtaining of a construction permit for the second stage of a multi-family housing estate as a part of Neo Jasień project

On 23rd of May 2022, the company Dekpol Inwestycje Sp. z o.o. Neo Jasień Sp. k. received, issued by President of the City of Gdańsk, a construction permit for construction of the 2nd stage of an estate of multi-family residential buildings as a part of "Neo Jasień" project, along with underground garage halls, internal installations and other necessary infrastructure in Gdańsk at Potęgowska Street. As a part of the above-mentioned investment stage, it is planned to construct 2 residential buildings, which will include 98 apartments with storage rooms with a total usable area of approx. 4 thousand square meters and 118 parking and garage spaces. The estimated value of revenues obtained from implementation of the above-mentioned stage should amount about PLN 40 million net. As at publication date of this report, it is estimated that the 2nd stage of "Neo Jasień" investment will be completed and put into use in 3rd quarter of 2024, in the same period the first premises will be handed over to clients. The investment outlays will be partially financed from both, own funds as well as external capital.

Purchase of a ground property in Gdańsk Sobieszewo

On 8th of July 2022 (event after balance sheet date), the company Dekpol Inwestycje Sp. z o. o. Sobieszewo Development Sp.k. concluded a conditional agreement for the purchase of an undeveloped ground property with an area of 1,496 m² located in Gdańsk in Sobieszewo district. The suspensive condition of the agreement is exercising of the first refusal right by Gdańsk City Commune. The purchase price of the ground property does not constitute a significant value from the perspective of financial position and results of the Dekpol Group. The conclusion of the agreement and, consequently, the purchase of the ground property in the future is aimed at execution of a property development project in this location.

Early redemption of A-series bonds by Dekpol Deweloper Sp. z o.o.

On 1st of August 2022 (event after balance sheet date), Dekpol Deweloper sp.z o.o. made an early voluntary redemption of 7,600 of A-series bonds for a total amount of approximately PLN 7.5 million.

Then, on 31st of August 2022, there was an earlier voluntary redemption of remaining 4,900 A-series bonds, for a total amount of approximately PLN 4.9 million. Thus, all A-series bonds of Dekpol Deweloper sp.z o.o. were redeemed before maturity date.

Dekpol Steel, Intek



Investment loan agreement with PKO BP S.A.

On 26th of January 2022, the company Dekpol Steel Sp. z o.o. concluded with PKO BP S.A. an investment loan agreement in a convertible currency in the amount of EUR 2.03 million. The purpose of the loan is financing and refinancing related to the purchase of 100% shares in the company Intek Sp. z o.o. The loan was granted for the period until 26th of January 2032. The loan shall be paid in tranches.

In addition, on 31st of January 2022, Dekpol Steel Sp. z o.o. concluded with PKO BP S.A. interest rate swap (IRS) transactions in order to limit negative impact of changes in market interest rates and cash flows as well as to minimize financial costs.

Multi-purpose credit limit agreement with PKO BP S.A.

On 27th of January 2022, the company Intek Sp. z o.o. concluded with PKO BP S.A. a multi-purpose credit limit agreement in the amount of PLN 7 million, including an overdraft facility up to a maximum amount of PLN 7 million, which may be used in PLN and EUR currencies, as well as bank guarantees up to a maximum amount of PLN 1 million. The purpose of the line is to finance current liabilities resulting from business activities performed and to issue bank guarantees. Intek Sp. z o.o. is entitled to use the limit for a period of 12 months from the date of conclusion of the agreement.

Conclusion of an annex to the factoring agreement and conclusion of a new factoring agreement with Santander Faktoring Sp. z o.o.

On 28th of June 2022, Dekpol Steel Sp. z o.o. concluded an annex to the factoring agreement with Santander Faktoring Sp. z o.o. Pursuant to the annex, the amount of available factoring limit was changed from PLN 34.45 million to PLN 12 million. The limit is valid until 31st of October 2022.

On 28th of June 2022, Dekpol Steel Sp. z o.o. concluded a factoring agreement with Santander Faktoring Sp. z o.o. The amount of the available factoring limit has been set on PLN 33 million, while the validity of the agreement was set on 27th of December 2023.

Framework agreement for granting commercial loans with Bank Handlowy S.A. in Warszawa

On 15th of July 2022 (event after balance sheet date), the company Dekpol Steel Sp. z o.o. concluded with Bank Handlowy w Warszawie S.A. a framework agreement granting trade loans with financial limit of PLN 5 million. The loan was granted to finance current company's business operations. The subsidiary is entitled to use the limit indefinitely.

Dekpol Budownictwo



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

Revolving loan agreement and annexes to the revolving loan agreement with mBank S.A.

On 16th of February 2022, Dekpol Budownictwo Sp. z o.o. concluded with mBank S.A. a revolving multi-currency loan agreement for redemption of invoices in the amount of PLN 20 million. The purpose of the loan is to finance current business operations of the subsidiary. Dekpol Budownictwo Sp. z o.o. is entitled to use the loan until 30th of September 2022.

In addition, on 27th of September 2022, Dekpol Budownictwo Sp. z o.o. concluded with mBank S.A. an annex to the multi-currency revolving loan agreement for redemption of invoices in the amount of PLN 20 million. On the basis of the annex, Dekpol Budownictwo Sp. z o.o. is entitled to use the loan until 30th of June 2023, and the final repayment date is scheduled on 29th of September 2023.

Annex to the framework agreement with mBank S.A.

On 16th of February 2022, Dekpol Budownictwo Sp. z o.o. concluded with mBank S.A. an annex to the framework agreement dated 26th of June 2019, along with further amendments. Pursuant to the annex, the value of the limit was reduced from PLN 35 million to PLN 25 million, and the revolving credit facility granted under this limit for redemption of invoices from PLN 25 million to PLN 15 million. The amount of the overdraft facility granted under the Limit remained unchanged, i.e. PLN 10 million. In addition, on 30th of June 2022, Dekpol Budownictwo Sp. z o.o. concluded with mBank S.A. an annex to the above-mentioned framework agreement extending the line availability until 30th of June 2023.

Revolving loan agreement with mBank S.A.

On 21st of March 2022, Dekpol Budownictwo Sp. z o.o. concluded with mBank S.A. a framework agreement in the amount of PLN 30 million, which defines rules for usage by Dekpol Budownictwo Sp. z o.o. from the line financing current business operations. Under the line, the bank will grant revolving loans in PLN and EUR currencies. Dekpol Budownictwo Sp. z o.o. is entitled to use the loan until 30th of September 2022, and the line expires on 31st of March 2023.

In addition, on 27th of September 2022, Dekpol Budownictwo Sp. z o.o. concluded with mBank S.A. an annex to the Framework Agreement in the amount of PLN 30 million for the Line financing current business operations. On the basis of the annex, Dekpol Budownictwo Sp. z o.o. is entitled to use the Line to finance day-to-day business operations until 30th of June 2023, and the Line is valid until 29th of December 2023.

Revolving loan agreement and overdraft facility agreement with SGB Bank S.A.



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

On 15th of July 2022 (event after balance sheet date), Dekpol Budownictwo Sp. z o.o. concluded with SGB Bank S.A. a revolving loan agreement in the amount of PLN 20 million and an overdraft agreement in the amount of PLN 15 million. The revolving loan was granted to finance expenses related to the performance of general contracting contracts, while the overdraft facility was granted for the ongoing financing of company's business operations. The company is entitled to use a revolving loan and an overdraft facility until 14th of July 2025.

Annex to the multi-purpose credit limit agreement with PKO BP S.A.

On 11th of August 2022 (event after balance sheet date), Dekpol Budownictwo Sp. z o.o. concluded with PKO BP S.A. an annex to the multi-purpose credit limit agreement dated 19th of April 2021. On the basis of the annex, the company was still able to use granted credit limit in both PLN and EUR currencies. The limit is available until 15th of November 2023.

Annex to the general contracting agreement with Karuzela Kołobrzeg Sp. z o.o.

On 11th of August 2022 (event after balance sheet date), Dekpol Budownictwo Sp. z o.o. concluded with Karuzela Kołobrzeg Sp. z o.o. (Ordering Party) an annex to the agreement dated 20th of January 2020 for general contracting of the investment - Karuzela Kołobrzeg shopping center, about which Dekpol S.A. recently announced in its annual report for 2021 published on 29th of April 2022. Pursuant to the annex, the parties agreed changing slightly the amount of remuneration and changing the deadline for implementation of the entire investment to October 2022 (previously: August 2022). Current value of the agreement for implementation of the investment amounts to approx. 9% of sales revenues of the Dekpol Capital Group for 2021 in total.

Kombet Działdowo

Conclusion of a loan agreement with PKO BP S.A.

On 15th of September 2022 (event after balance sheet date), the company Kombet Działdowo Sp. z o.o. concluded with PKO BP S.A. a multi-purpose credit limit agreement in the amount of PLN 3.5 million. As a part of the limit, sublimits were granted for an overdraft facility up to the amount of PLN 3 million, which can be used to finance current liabilities resulting from business activities performed, as well as sublimits for bank guarantees issued to secure Kombet liabilities up to the amount of PLN 0.5 million. The limit was granted for the period until 13th of September 2025. The credit limit may be used in PLN and EUR currencies. The interest rate on loans granted within the limit is determined according to a variable interest rate equal to WIBOR1M / EURIBOR1M rate, increased by bank's margin.



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

12. FINANCIAL RATIOS

Debt to EBITDA ratio - meaning the ratio of the total value of net debt (total balance sheet value of consolidated interest-bearing liabilities of the Dekpol Capital Group less cash and cash equivalents) to EBITDA (the sum of operating result and depreciation) amounts as at 30th of June 2022: 1,66.

Debt to equity ratio - denoting the ratio of the total value of net debt (as above) to equity of the Dekpol Capital Group amounts as at 30th of June 2022: 0.52.



Report of Management Board on business activities of the Dekpol Capital Group in H1 2022

13. CONTACT

Name (business name):	Dekpol Spółka Akcyjna
Short name:	Dekpol S.A.
Address of the registered office:	ul. Gajowa 31, 83-251 Pinczyn
Phone:	(58) 560-10-60
Fax:	(58) 560-10-61
Website address:	http://www.dekpol.pl/
E-mail address:	dekpol@dekpol.pl

Signatures of All Members of Management Board:

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