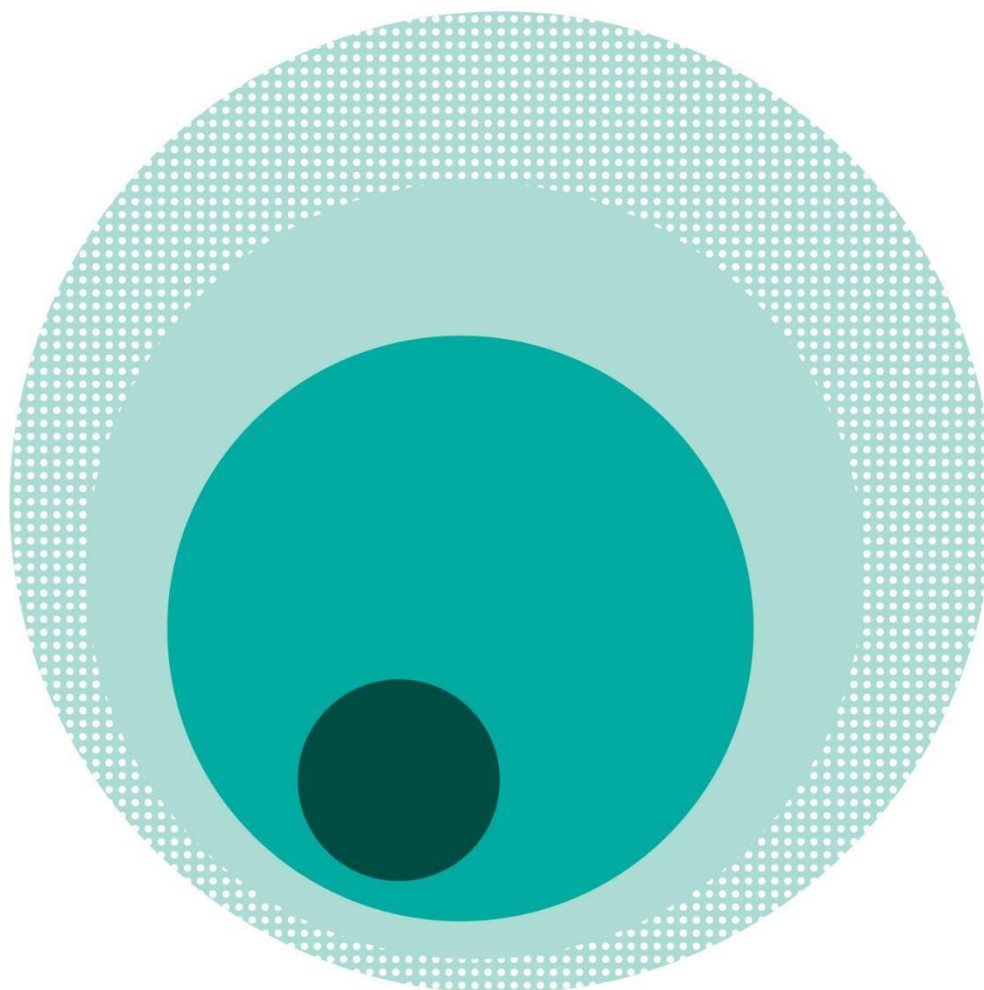


DEKPOL CAPITAL GROUP

STATUTORY AUDITOR'S REPORT
FROM AUDIT OF THE ANNUAL CONSOLIDATED
FINANCIAL STATEMENT
AS AT 31.12.2021

29.04.2022



INDEPENDENT AUDITOR'S REPORT

To the General Meeting of Shareholders and the Supervisory Board of the parent entity Dekpol S.A.

Report from audit of the annual consolidated financial statement

Opinion

We audited the annual consolidated financial statement of the Dekpol Capital Group ("Capital Group"), in which the parent company is Dekpol S.A. ("Parent Company"), which includes the consolidated statement of financial position as at 31st of December 2021 and the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement for the financial year from 1st of January to 31st of December 2021 and additional information including description of the adopted accounting principles and other explanatory information ("consolidated financial statement").

In our opinion, the attached consolidated financial statement:

- presents a true and fair view of consolidated material and financial situation of the Group as at 31st of December 2021 and its consolidated financial result and consolidated cash flows for financial year ended on that day in accordance with the applicable International Financial Reporting Standards approved by the European Union and adopted accounting rules (accounting policy);
- is consistent in form and content with applicable regulations and the Articles of Association of the Parent Entity.

This opinion is consistent with additional report for the Audit Committee, which we issued on 29th of April 2022.

Opinion's background

We conducted our audit in accordance with the International Standards of Research in the version adopted as National Standards of Research by the National Council of Statutory Auditors no. 3430/52a/2019 from 21st of March 2019 regarding the national auditing standards and other documents as amended („NSR”) and in accordance with the Act dated 11th of May 2017 on statutory auditors, auditing companies and public supervision (the "Act on Certified Auditors" - Dz. U. 2017 r., pos. i.e., unified text Dz. U. from 2020, item 1415) and EU Regulation No. 537/2014 of 16th of April 2014 on specific requirements regarding statutory audit of public-interest entities ("EU Regulation" - Official Journal EU L158 dated 27.05.2014, page. 77, as amended). Our responsibility in accordance with these standards is further described in the section of our report *Auditors' Responsibility for auditing consolidated financial statement*.

We are independent from the Group's Companies in accordance with the International Code of Ethics of Professional Accountants (including International Standards of Independence) of the International Ethics Standards Board for Accountants ("IESBA Code") adopted by Resolution of the National Council of Statutory Auditors (KRBR) No 3431/52a/2019 of 25 March 2019 on the principles of professional ethics of statutory auditors and other ethical requirements that apply to audits of financial statements in Poland. We have fulfilled our other ethical obligations in accordance with these requirements and the IESBA Code. During the audit, the key certified auditor and the audit firm remained independent of the Group in accordance with the independence requirements set out in the Act on Certified Auditors and in the EU Regulation.

We believe that the audit evidence we have obtained is adequate and appropriate to provide the basis for our opinion.

Key Audit Matters

Key audit matters are matters that, according to our professional judgment, were the most significant while auditing the consolidated financial statement for the current reporting period. They include the most significant assessed risks of material misstatement, including the assessed caused by fraud. We referred to these matters in the context of our audit of the consolidated financial statement as a whole, in forming of our opinion, and summarized our reaction to these risks and in cases where we considered appropriate, we presented the key observations related to these risks. We do not express a separate opinion on these matters.

Key audit matter	How our audit referred to this matter
<p>Revenues from contracts with clients – general contracting business segment</p> <p>In consolidated financial statement for financial year ended on 31st of December 2021, the Group, in line with requirement of IFRS 15^o, identified revenues from contracts with clients recognized during meeting obligations to perform services through (hereinafter "long-term construction contracts") in the amount of PLN 849,764 thousand, including the amount of PLN 81,477 thousand relates to the valuation of long-term construction contracts in progress as at the balance sheet date.</p> <p>In case of long-term construction contracts, the Group recognizes revenues using the method based on the expenditure (costs) incurred in meeting obligation to perform the service in relation to the total expected costs necessary to fulfill the obligation to perform the service, i.e., according to the so-called degree of advancement of the long-term construction contract.</p> <p>The valuation of long-term contracts requires Management Board of the Parent Company to apply professional judgment and estimates according to the state of knowledge as at the date of financial statements, in relation to, inter alia, to the extent to which the Group companies fulfill their obligations to perform the service over time, the total costs of contracts, taking into account all necessary estimates relating to identified types of risks.</p>	<p>Our procedures to address the key audit matter identified include, but are not limited to:</p> <ol style="list-style-type: none"> 1. assessment of the adopted accounting policy in the field of recognizing revenues from the implementation of construction contracts and checking its compliance with the requirements of IFRS 15; 2. understanding and documenting the operation of identified processes and key internal controls in the Group; 3. analyzing the correctness and legitimacy of the Group's choice of revenue recognition methods; 4. for contracts in progress as at the balance sheet date, we performed detailed reliability tests on a selected sample, including in particular: <ul style="list-style-type: none"> • getting acquainted with the provisions of service contracts, • identification of any changes / annexes to existing contracts, • reconciliation of the transaction price for construction contracts, • verification of records of costs incurred, including verification that the costs incurred are allocated to appropriate contracts, • reconciliation of invoiced revenues with source documentation, • analysis of contract cost budgets, verification of their completeness and validity,

Estimates of contract budgets, both in relation to the planned costs and the level of already recognized revenues, constitute an important element of the assessment of the Management Board of the Parent Company and contain the risk of incorrect estimation of the scope or valuation of costs to be incurred, which may result in incorrect determination of the budgeted result on contracts, which in turn, it has an impact on the amount of recognized revenues and receivables, as well as created potential provisions for losses.

The issue was identified as the key issue for the audit of the financial statement due to the significant estimates underlying the valuation of contracts.

Reference to the disclosure in the financial statement

Accounting policy regarding the method of recognizing revenues, as well as significant estimates and judgments in the scope of recognizing revenues from sales and creating provisions for losses on contracts are described in the introduction to the financial statements in point 8. in the financial section "Sales revenues" and in note 21. Construction contracts and in note 20. Operating segments, where revenues and results from general contracting activities are disclosed.

- discussion with persons responsible for updating cost budgets, as well as for contract settlement and their implementation on the assumptions regarding budgets as well as risks and the degree of advancement of work on contracts being implemented,
- verification of the mathematical correctness of the calculation of the advancement level and recognition of revenues;

5. we discussed with the Management Board of the parent company and the subsidiary the assumptions made in contract budgets and the probability of a change in contract results, and discussed the issue of potential disputes, contractual penalties or contracts generating a loss;
6. we obtained confirmation of receivables balances with selected contractors and we conducted talks with a representative representing selected investors in order to estimate the probability of earning revenues;
7. we analyzed the letters received from the law firms handling the affairs of the Group Companies in terms of identifying contracts / disputed receivables.

We also assessed the scope of disclosures in the financial statements regarding the recognition of sales revenues.

Revenue from contracts with clients - the property development segment

In the consolidated financial statement for the financial year ended 31st of December 2021, the Group recognized revenue from the property development segment in the amount of PLN 253,860 thousand. Revenues from sales of real-estate development production are recognized when control over the purchased real estate is transferred to the final recipient. The premise for the transfer of control is the transfer of all significant risks and rewards of ownership of the property. The Company recognizes that the transfer of risks and benefits takes place under the following conditions:

- a) completion of construction,
- b) the earlier of two events: the receipt of the premises by the handover protocol or on sale in the form of an act.

Reference to disclosure in the financial statement

The description of the accounting policy and disclosures regarding revenues from contracts with customers are presented in the introduction to the consolidated financial statement, in point 8, *Principles of assets and liabilities valuation and measurement of the financial result, adopted in the preparation of the financial statement* in the sub-item "Sales revenues", and in note 20. *Operating segments*, showing revenues and results on property development activity.

Our procedures to address the key audit matter identified include, but are not limited to:

1. assessment of the adopted accounting policy in the field of recognition of revenues from development activities and its compliance with the requirements of IFRS 15;
2. understanding and documenting the operation of the identified processes and key internal controls in the Group;
3. analyzing the correctness and legitimacy of the Group's choice of revenue recognition methods;
4. Detailed credibility tests on a selected sample in terms of the correctness of recognition of revenues from property development activities, in particular document tests, including arrangements for source documentation (primarily for real estate development contracts, acceptance protocols, notarial deeds, sales invoices and bank statements) and margin analysis
5. Sales analysis at the turn of the reporting period (cut-off tests).

We also assessed the scope of disclosures in the financial statement regarding the recognition of sales revenues.

Inventories - valuation and risk of impairment

In the consolidated financial statement prepared as at 31st of December 2021, the Group presents inventories in the amount of PLN 263,187 thousand.

Inventories mainly consist of outlays by the Group Companies for residential development projects, mainly residential properties under construction and completed ones. Inventories are valued at purchase prices or production costs, not higher than the net realizable value.

Reference to disclosure in the financial statement

The description of the accounting policy and the disclosures on the principles of inventory valuation are presented in the introduction to the consolidated financial statement, point 8. *Principles for the valuation of assets and liabilities and the measurement of the financial result, adopted in the preparation of the financial statement* under the sub-item "Inventories" and "Settlement of development costs".

Our procedures to address the key audit matter identified include, but are not limited to:

1. obtaining an understanding and evaluation of the design and implementation of key control mechanisms related to the inventory valuation process, in particular in terms of analysis in relation to the possible net sale price.

We also assessed the scope of disclosures in the financial statements regarding inventories and their valuation.

Responsibility of the Management Board and Supervisory Board of the Parent Entity for the consolidated financial statement

Management Board of the Parent Entity is responsible for preparing, on the basis of correctly kept accounting books of consolidated financial statement, that presents a true and fair view of the property and financial situation and financial results of the Group in accordance with the International Financial Reporting Standards approved by the European Union, adopted accounting principles (policy) and the applicable laws and statute, as well as internal control, which the Management Board of the Parent Company considers necessary to enable the preparation of consolidated financial statement without material distortion caused by fraud or error.

While preparing the consolidated financial statement, the Parent Entity's Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, if applicable, matters related to going concern and adopting the principle of going concern as an accounting basis, except when the Management Board intends to liquidate the Group, either abandon doing business or there is no real alternative for liquidation or discontinuation of business activities.

Management Board of the Parent Entity and members of the Parent Entity's Supervisory Board are required to ensure that the consolidated financial statement meets the requirements of the Accounting Act ("Accounting Act" – Dz. U. 2021 r. pos. 217 as amended). Members of the Parent Entity's Supervisory Board are responsible for supervising of financial reporting process.

Statutory Auditor's responsibility for auditing the consolidated financial statement

Our objectives are to obtain reasonable assurance that the consolidated financial statement as a whole does not contain any material misstatement due to fraud or error and to issue a report containing our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that a test conducted in accordance with the NSR will always detect the existing significant distortion. Distortions may arise as a result of fraud or error and are considered material if it can reasonably be expected that, individually or in aggregate, they could influence users' business decisions made on the basis of these consolidated financial statement.

The scope of the audit does not include assurance as to the future profitability of the audited Group nor the effectiveness or efficiency of conducting the affairs of the entity by the Management Board of the Parent Entity currently or in the future.

During audit process in accordance with the NSR, we apply professional judgment and maintain professional skepticism, as well as:

- we identify and assess risks of material misstatement of the consolidated financial statement caused by fraud or error, we design and conduct audit procedures that address these risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not recognizing a significant misstatement due to fraud is greater than that resulting from the error, as the fraud may involve collusion, falsification, intentional omissions, misrepresentation or circumvention of internal control;
- we gain an understanding of the internal control appropriate to the audit to design audit procedures that are appropriate under the certain circumstances, but not to express an opinion on the effectiveness of the Group's internal control;
- we assess the appropriateness of the accounting principles (policies) used and the reasonableness of accounting estimates and related disclosures made by the Management Board of the Parent Entity;

- we draw a conclusion on the appropriateness of the Parent Entity's Management Board's application of going concern assumption as an accounting basis and, based on the audit evidence, whether there is significant uncertainty related to events or conditions that may substantially doubt the Group's ability to continue as a going concern. If we conclude that there is significant uncertainty, we require that we draw attention in our auditor's report to related disclosures in the consolidated financial statement or, if such disclosures are inadequate, we modify our opinion. Our applications are based on audit evidence obtained up to the date of our audit report, however future events or conditions may cause the Group to cease its business activities;
- we assess the overall presentation, structure and content of the consolidated financial statement, including disclosure, whether the consolidated financial statement presents the underlying transactions and events in a manner that ensures a fair presentation;
- we obtain sufficient relevant audit evidence regarding the financial information of entities or businesses within the Group to express an opinion on the consolidated financial statement. We are responsible for managing, supervising and conducting the Group study and we remain solely responsible for our audit opinion.

We provide the Supervisory Board of the Parent Entity with information about, among other the planned scope and time of the audit and significant findings of the audit, including any significant weaknesses of internal control that we will identify during the audit.

We submit to the Parent Entity's Supervisory Board a statement that we have complied with the relevant ethical requirements regarding independence and that we will inform them of all connections and other matters that could reasonably be considered to pose a threat to our independence and, where applicable, we report security measures applied.

From among the matters forwarded to the Supervisory Board of the Parent Entity, we determined those matters that were most significant during the audit of the consolidated financial statement for the current reporting period and therefore we considered them as the key issues of the audit. We describe these matters in our auditor's report, unless laws or regulations prohibit public disclosure or when, in exceptional circumstances, we determine that the issue should not be presented in our report because it would reasonably be expected that the negative consequences would outweigh the benefits of such a report. information for the public interest.

Other information, including report from business activities

Other information includes the Report on the Group's business activities for financial year ended 31st of December 2021 ("Report on Business Activities ") together with the declaration on application of corporate governance principles, referred to in art. 49b section 1 of the Accounting Act, which are separate parts of this Report and the Annual Report for financial year ended 31st of December 2021 ("Annual report") (together "Other information").

Responsibility of the Management Board and Supervisory Board of the Parent Entity

Management Board of the Parent Entity is responsible for preparation of the report on operations in accordance with applicable laws.

Management Board of the Parent Entity and members of the Parent Entity's Supervisory Board are obliged to ensure that the Report on the Group's business activities along with the separated part meet the requirements provided for in the Accounting Act.

Responsibility of the statutory auditor

Our opinion on the audit of the consolidated financial statement does not include other information. In connection with the audit of the consolidated financial statement, it is our duty to review other information and, in doing so, consider whether other information is not materially inconsistent with the consolidated financial statement or our knowledge gained during the audit or otherwise appear significantly distorted. If, based on the work performed, we find significant distortions in other information, we are required to inform about it in our audit report. Our duty in accordance with the requirements of the Act on certified auditors is also to issue an opinion on whether the report on the Group's activities has been prepared in accordance with the regulations and whether it is consistent with the information contained in the consolidated financial statement. In addition, we are required to issue an opinion on whether the Group has included the required information in the corporate governance declaration.

We obtained the report on the Group's business activities before the date of this audit report, and the Annual Report will be available after this date. If we find a significant distortion in the Annual Report, we are obliged to inform the Supervisory Board of the Parent Entity.

Opinion about Report on business activities

Based on the work carried out during the study, in our opinion, the Report on the Group's business activities:

- was drawn up in accordance with Article 49 of the Accounting Act and paragraph 71 of the Regulation of the Ministry of Finance dated 29th of March 2018 regarding current and periodic information provided by issuers of securities and requirements for recognition of information required by the law of a Non-Member state as equivalent ("Regulation on current and periodic information" – Dz. U. pos. 757 as amended);
- is consistent with the information contained in the consolidated financial statement.

In addition, in the light of the knowledge about the Group and its environment obtained during our audit, we declare that we have not identified significant distortions in the Report on the Group's business activities.

Opinion regarding declaration of application of corporate governance

In our opinion, in the declaration on the application of corporate governance, the Group has included the information set out in paragraph 70, section 6 point 5 letters c–f, h and i of the Regulation on current and periodic information. In addition, in our opinion, information indicated in paragraph 70, section 6 point 5 letters c–f, h and i of this Regulation contained in the declaration on the application of corporate governance are consistent with the applicable regulations and information contained in the financial statement.

Information on non-financial matters

In accordance with requirements of the Act on statutory auditors, we confirm that the parent entity prepared Report on non-financial information referred to in Art. 49b paragraph. 1 of the Accounting Act as a separate part of the Report on business activities.

We have not performed any assurance work with respect to the non-financial report, and we do not express any assurance thereon.

Report concerning other legal requirements and regulations

Opinion on the compliance of the labeling of the consolidated financial statement, prepared in the single electronic reporting format, with the requirements of the regulation on technical standards regarding the specifications of the single electronic reporting format.

In connection with the audit of the consolidated financial statement, we were engaged to perform an assurance service providing reasonable assurance in order to express an opinion whether the consolidated financial statement of the Capital Group as at and for the year ended 31st of December 2021, was prepared

in a uniform electronic reporting format, included in the file in the name of dekp0l_2021-12-31_pl ("consolidated financial statement in ESEF format"), has been labeled in accordance with requirements set out in the Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (Journal of Laws UE L 143 of 29/05/2019, p. 1, as amended) ("ESEF Regulation").

Identification of criteria and description of the subject of the service

The consolidated financial statement in the ESEF format has been prepared by Management Board of the Parent Entity in order to meet the labeling requirements and the technical requirements for specification of a uniform electronic reporting format, which are set out in the ESEF Regulation.

The subject of our assurance service is the compliance of marking of the consolidated financial statement in the ESEF format with the requirements of the ESEF Regulation, and the requirements set out in these regulations are, in our opinion, appropriate criteria for our opinion.

Responsibility of the Management Board and Supervisory Board of the Parent Entity

Management Board of the Parent Entity is responsible for preparation of the consolidated financial statement in the ESEF format in accordance with the labeling requirements and technical requirements regarding the specification of a uniform electronic reporting format, which are set out in the ESEF Regulation. This responsibility includes selection and application of appropriate XBRL tags, using the taxonomy specified in these regulations.

The responsibility of Management Board of the Parent Entity also includes design, implementation and maintenance of the internal control system ensuring preparation of consolidated financial statement in the ESEF format, free from material inconsistencies with requirements of the ESEF Regulation.

Members of the Supervisory Board of the Parent Entity are responsible for overseeing the financial reporting process, including preparation of financial statements in accordance with the format resulting from applicable law.

Statutory Auditor's Responsibility

Our goal was to express an opinion, based on the performed assurance service, giving reasonable assurance whether the consolidated financial statement in the ESEF format were labeled in accordance with the requirements of the ESEF Regulation.

We have provided the service in accordance with the National Standard of Attestation Services Other than the Audit and Review 3001PL - "Audit of financial statements prepared in a uniform electronic reporting format" adopted by the resolution of the National Council of Statutory Auditors No. 1975 / 32a / 2021 of 17th of December 2021 (hereinafter: "KSUA

3001PL") and, where applicable, in accordance with the National Standard on Assurance Engagements Other than Audit and Review 3000 (Revised) in the form of the International Standard on Assurance Engagements 3000 (revised) – ‘Assurance Engagements Other than Audits or Reviews of Historical Financial Information adopted by resolution no. 3436/52e/2019 of the National Council of Statutory Auditors of 8 April 2019 (hereinafter “NSAE 3000 (Z)”).

This standard requires the auditor to plan and perform procedures in such a way as to obtain reasonable assurance that the consolidated financial statement in the ESEF format have been prepared in accordance with specific criteria.

Reasonable assurance is a high level of assurance, but it does not guarantee that a service performed in accordance with KSUA 3001PL and, where applicable, in accordance with NSAE 3000 (Z), will always detect existing material misstatement.

The procedures selected depend on the auditor's judgment, including the auditor's assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control related to the preparation of the consolidated financial statement in the ESEF format in order to plan appropriate procedures to provide the auditor with sufficient evidence appropriate to the circumstances. The assessment of the functioning of the internal control system was not carried out in order to express an opinion on the effectiveness of its operation.

Summary of the work performed

The procedures planned and carried out by us included, among others:

- gaining an understanding of the process of preparing consolidated financial statement in the ESEF format, including the process of selecting and applying theXBRL markers by the Company and ensuring compliance with the ESEF Regulation, including an understanding of the internal control mechanisms related to this process;
- obtaining sufficient appropriate evidence about the operational effectiveness of the controls related to XBRL tagging when (if, where) we have determined as part of the risk assessment process that procedures other than the testing of controls will not provide sufficient audit evidence [if performed];
- reconciliation of tagged information contained in the consolidated financial statements in ESEF format to the audited consolidated financial statement;
- using a specialized IT tool, assessment of compliance with the technical standards for the specification of a single electronic reporting format, assessment of the completeness of labeling information in the consolidated financial statement in the ESEF format with XBRL tags;
- an assessment of whether the applied XBRL tags from the taxonomy specified in the ESEF Regulation were properly applied and whether extensions of the taxonomy were used in situations where the underlying taxonomy of the ESEF Regulation did not identify relevant elements;

- assessment of the correctness of anchoring the applied taxonomy extensions in the basic taxonomy specified in the ESEF Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the compliance of the labeling with the requirements of the ESEF Regulation.

Ethical requirements, including independence

In carrying out the service, the statutory auditor and the audit firm complied with the independence and other ethical requirements set out in the IESBA Code. The IESBA Code is based on the fundamental principles of integrity, objectivity, professional competence and due diligence, confidentiality and professional conduct. We have also complied with other independence and ethical requirements that apply to this assurance engagement in Poland.

Quality control requirements

The audit firm applies national quality control standards in the wording of the International Standard on Quality Control 1 - "Quality control of companies conducting audits and reviews of financial statements and performing other assurance and related services orders", adopted by the resolution of the National Council of Statutory Auditors No. 2040 / 37a / 2018 of 3rd of March 2018 on national quality control standards, as amended (hereinafter: "NQCS").

As required by the NQCS, the audit firm maintains a comprehensive quality control system that includes documented policies and procedures for compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Opinion on compliance with the requirements of the ESEF Regulation

The auditor's opinion is based on the matters described above and the opinion should therefore be read with these considerations in mind.

In our opinion, the consolidated financial statement in the ESEF format has been marked, in all material respects, in accordance with the requirements of the ESEF Regulation.

Non-audit services statement

To the best of our knowledge and belief, we declare that the non-audit services we provide to the Capital Group comply with the laws and regulations in force in Poland and that we have not provided non-audit services that are prohibited under Art. 5 (1) of the EU Regulation and Article 136 of the Act on statutory auditors. Non-audit services that we provided to the Parent Company and its subsidiaries in the audited period are listed in Note 10.3 of the Management Report on the Company's and Capital Group's operations.

Selection of the statutory audit company

We were selected to audit the consolidated financial statement of the Capital Group by a resolution of the Supervisory Board of the Parent Company of 15th of July 2021. We are auditing the consolidated financial statement of the Capital Group for the first time.

The key statutory auditor on the audit resulting in this independent auditor's report is Mr. Piotr Woźniak.

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Evidence Number 11625

acting on behalf of UHY ECA Audyt Spółka z ograniczoną odpowiedzialnością Sp. k. with its registered office in Warsaw, entered on the list of audit companies under number 3115, on behalf of which the key statutory auditor audited the consolidated financial statement.

Poznań, 29.04.2022