

Consolidated Financial Statement

of the Company and the Dekpol Capital Group



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For the period from January 1, 2022 to December 31, 2022

Prepared in accordance
with International Financial
Reporting Standards

Pinczyn, April 28, 2022

Selected achievements 2022

FY 2022

BUDOWNICTWO

*New division
in Poznań*

The new southwest region by the end of 2022 will be served by over 80 specialists

*1,315 billion of
PLN*

High contract pipeline in 2022.



DEVELOPER

over 340 sold apartments

Rich offer tailored to the needs of the market

DEVELOPER

NPS = 85%

Customer service rated at a very high level



STEEL

Tilt Coupler Tiltdek

Patent granted in 2022

STEEL

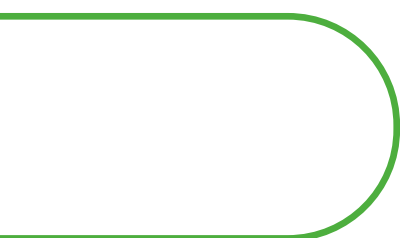
Clients

121 new clients,
including 34 foreign clients



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Selected financial data



Selected financial data

Selected consolidated financial data	thousand PLN		thousand EUR	
	01.01.2022- 31.12.2022	01.01.2021- 31.12.2021	01.01.2022- 31.12.2022	01.01.2021- 31.12.2021
I. Net revenue from sales of products, goods, and materials	1 386 848	1 255 783	295 810	274 338
II. Profit (loss) on operating activity	120 050	112 988	25 606	24 683
III. Profit (loss) before tax	97 887	89 638	20 879	19 582
IV. Net profit (loss)	78 909	75 726	16 831	16 543
V. Earnings (loss) per ordinary share (in PLN / EUR)	9,44	9,06	2,01	1,98
VI. Net cash flows from operating activity	102 781	55 819	21 923	12 194
VII. Net cash flows from investment activity	(34 381)	(15 718)	(7 333)	(3 434)
VIII. Net cash flows from financial activity	(28 900)	(6 967)	(6 164)	(1 522)
IX. Total net cash flows	39 500	33 134	8 425	7 238
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
X. Total assets	1 386 779	1 357 149	295 695	295 071
XI. Liabilities and provisions for liabilities	909 818	969 881	193 995	210 871
XII. Long-term liabilities	269 261	282 261	57 413	61 369
XIII. Short-term liabilities	640 557	687 620	136 582	149 502
XIV. Equity	476 961	387 268	101 700	84 200
XV. Share capital	8 363	8 363	1 783	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)	57	46	12	10

The above financial data for 2022 and the corresponding period of 2021 have been converted into EUR according to the following rules:

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

- 31st of December 2022– 4,6899 PLN / EUR
- 31st of December 2021– 4,5994 PLN / EUR

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

- from 1st of January till 31st of December 2022 – 4,6883 PLN / EUR
- from 1st of January till 31st of December 2021– 4,5775 PLN / EUR.

Introduction to the financial statement



General information

Name and location of the reporting entity or other identification data: Dekpol S.A.

Headquarter of the entity: Ul. Gajowa 31, 83-251 Pinczyn, Poland

Legal form: joint-stock company

Country of registration: Poland

The registered office address of the entity: Ul. Gajowa 31, 83-251 Pinczyn

Basic place of business: Pinczyn

A description of the nature and principal scope of the entity's activities:

The areas of activity of the Dekpol Group include general contracting, property development and production activities.

Name of the parent company: Dekpol S.A.

Name of the ultimate parent of the group: Dekpol S.A.

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

DEKPOL S.A.

Ul. Gajowa 31, 83-251 Pinczyn

Registration Court, register number:

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

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

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

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

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

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

Duration of the Company:

The period of the Company's operations is indefinite.

The principal business activities

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

Name	PKD
Building works related to erection of residential and non-residential buildings	PKD – 28.92.Z
Manufacture of machinery for mining, quarrying and construction	PKD – 41.1.Z
Activities of head offices and holding companies, excluding financial holdings	PKD – 41.20.Z
Works related to the construction of other civil engineering structures	PKD – 42.9.Z
Retail sale of fuel for motor vehicles at service stations	PKD – 68.10.Z
Operation of gravel and sand pits; mining of clays and kaolin	PKD – 68.20.Z
Manufacture of metal structures and parts of structures	PKD – 47.30.Z
Demolition and preparation of the site for construction	PKD – 08.12.Z
Renting and leasing of construction machinery and equipment	PKD – 25.11.Z

Presented reporting periods:

The financial statements is presented for the period from 1st of January 2022 to 31st of December 2022. The comparative financial data is presented for the period from 1st of January 2021 to 31st of December 2021.

Dekpol S.A. prepares consolidated financial statement.

Composition of the Issuer's Management Board and Supervisory Board

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

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

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

There were no changes in the composition of the Management Board of Dekpol S.A. in 2022 and until the publication of the statement.

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

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

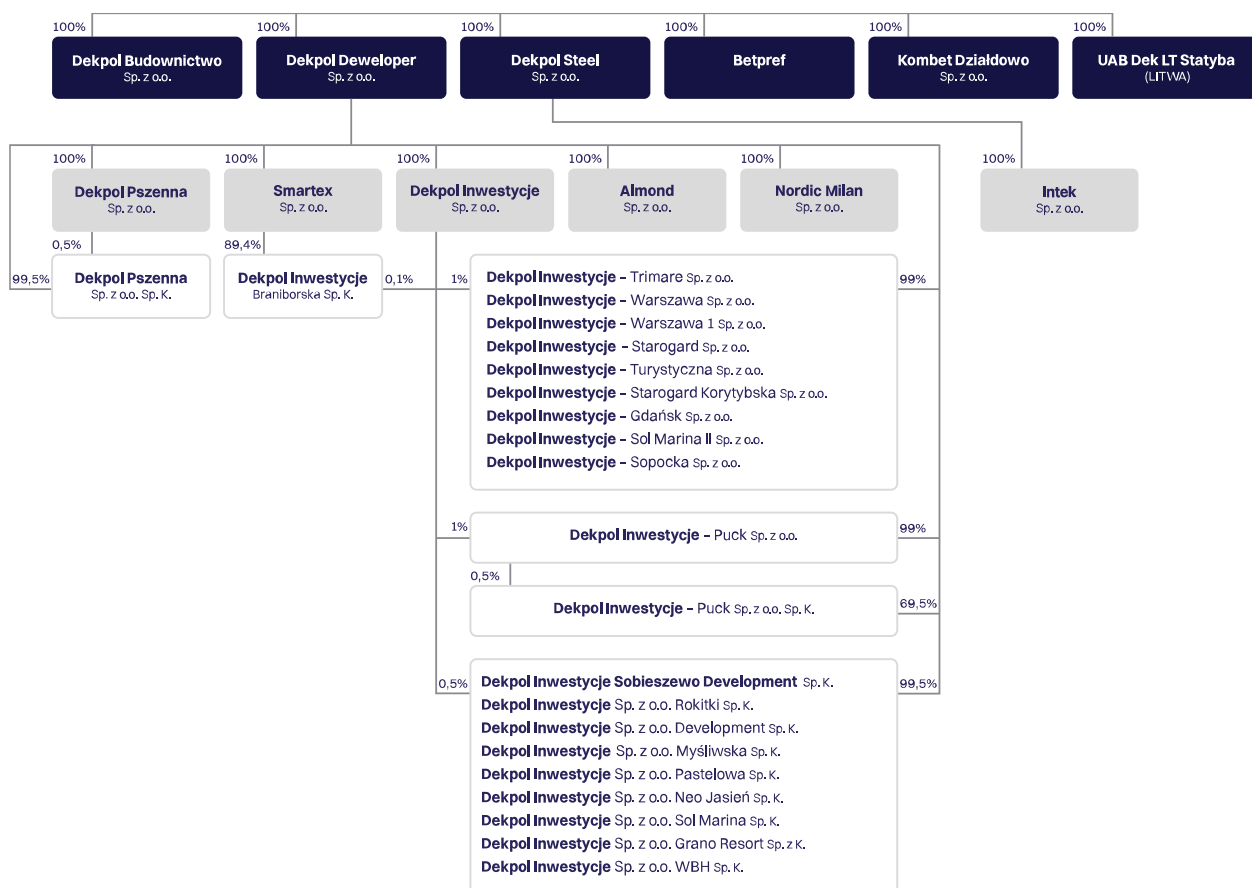
Name and surname	Function
Roman Suszek	Chairman of the Supervisory Board
Jacek Grzywacz	Vice-Chairman of the Supervisory Board
Jacek Kędzierski	Member of the Supervisory Board
Grzegorz Wąsacz	Member of the Supervisory Board
Wojciech Sobczak	Member of the Supervisory Board

In 2022, the composition of the Supervisory Board of Dekpol S.A. has not changed.

Composition of the Capital Group and related entities

As at 31st of December 2022, Dekpol S.A. was part of the Dekpol Capital Group as the parent company and direct or indirect subsidiaries of Dekpol S.A.

The organizational structure of the Company's Capital Group as of 31st of December 2022 is presented in the diagram below:



All companies presented in the diagram above are subject to full consolidation.

Other entities in which entities from the Dekpol Capital Group participate

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

1. Mineral Group Spółka z ograniczoną odpowiedzialnością – an entity established to conduct activities related to the exploration and extraction of mineral resources. Deweloper Sp. z o.o. holds 50 out of 101 shares in the share capital of this company (amounting to PLN 5,000).
2. Dekpol SPV 1 Sp. z o.o. – an entity established to implement investment projects together with a subsidiary of the President of the Management Board, OMT Holding Spółka z ograniczoną odpowiedzialnością. Dekpol S.A. holds 324 out of 1.200 shares in the share capital of this company (amounting to PLN 60,000).

Direct subsidiaries of Dekpol S.A.:

1. Dekpol Budownictwo Sp. z o.o. – a company operating in the field of general contracting of construction works; on 1st of January 2021, it acquired an organized part of the enterprise of Dekpol S.A. including general contracting;
2. Dekpol Deweloper Sp. z o.o. – a company that consolidates the Group's property development activities; on 1st of January 2019, it acquired an organized part of the enterprise of Dekpol S.A. covering property development activities;
3. Dekpol Steel Sp. z o.o. – a company active in the production of accessories for construction machinery; on 1st of January 2020, it acquired an organized part of the enterprise of Dekpol S.A. covering the production of accessories for construction machines;
4. Betpref Sp. z o.o. – a company established to ensure the continuity of supplies of concrete prefabricates and steel structures used in the performance of contracts in general contracting;
5. UAB DEK LT Statyba – a company established to support the Company's operations in Lithuania, as well as to manage future contracts in general contracting field in Lithuania;
6. Kombet Działdowo Sp. z o.o. – a company whose 100% shares were purchased by Dekpol S.A. in August 2022. The subject of the company's activity is the production of precast concrete elements.

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

1. Dekpol Inwestycje Sp. z o.o. – general partner of special purpose vehicles implementing individual development investments in the Dekpol Capital Group: Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k.; Dekpol Inwestycje Sp. z o.o. Rokutki Sp.k.; Dekpol Inwestycje Sp. z o.o. Development Sp. k., Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k., Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k., Dekpol Inwestycje Sp. z o.o. WBH Sp. k., Dekpol Inwestycje Sp. z o.o. Neo Jasień Sp. k., Dekpol Inwestycje Sp. z o.o. Grano Resort Sp. k., Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k., Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp. k.;
2. Dekpol Pszenna Sp. z o.o. – general partner of the special purpose vehicle for the implementation of the real estate development investment at Pszenna street in Gdańsk;
3. Nordic Milan Sp. z o.o. – the company operates in the property development industry; owned a plot of land in Milanówek, on which she completed the Eco Milan development project;
4. Smartex Sp. z o.o. – limited partner of a special purpose vehicle established to carry out a property development investment in Wrocław at Braniborska street – Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k.;
5. Almond Sp. z o.o. – a company that owns real estate in Gdańsk at Toruńska street 12 (Hotel Almond).

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

1. Dekpol Pszenna Sp. z o.o. Sp.k. – a special purpose company to carry out a real estate development investment under the name Grano Residence in Gdańsk at Pszenna street.

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

1. Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k. – a special purpose company to carry out a property development investment under the name Pastelowa in Gdańsk;

2. Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k. – special purpose vehicle to carry out property development investments in Rokitki and Śliwiny near Tczew;
3. Dekpol Inwestycje Sp. z o.o. Development Sp. k. – a special purpose vehicle to implement smaller real estate development investments, including in Jurata, Hel and Gdańsk;
4. Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k. – a special purpose company to carry out a property development investment under the name Foresta in Gdańsk;
5. Dekpol Inwestycje Sp. z o.o. Grano Resort Sp. k. - a special purpose company to carry out a property development investment in Gdańsk on the Sobieszewska Island;
6. Dekpol Inwestycje Sp. z o.o. WBH Sp. k. - a special purpose vehicle to carry out a real estate development investment in Warsaw;
7. Dekpol Inwestycje Sp. z o.o. Neo Jasień Sp. k. - a special purpose company to carry out a property development investment under the name Neo Jasień in Gdańsk;
8. Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k. - a special purpose vehicle to carry out a real estate development investment in Wiślinka;
9. Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp. k. - a special purpose vehicle for the implementation of smaller property development investments in Gdańsk on the Sobieszewska Island (e.g.. Villa Neptun);
10. Dekpol Inwestycje – Trimare Sp. z o.o. - a special purpose vehicle established to carry out a property development investment in Sztutowo;
11. Dekpol Inwestycje – Warszawa 1 Sp. z o.o. – a special purpose vehicle established to carry out property development investments in and around Warsaw;
12. Dekpol Inwestycje Warszawa Sp. z o.o. – a special purpose vehicle established to carry out property development investments in and around Warsaw;
13. Dekpol Inwestycje Starogard Sp. z o. o. - special purpose vehicle being 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;
14. Dekpol Inwestycje – Turystyczna Sp. z o.o. – a special purpose vehicle established to implement an investment in Gdańsk on the Sobieszewska Island at Turystyczna street;
15. Dekpol Inwestycje – Puck Sp. z o.o. – general partner of a special purpose vehicle established to implement an investment in Puck;
16. Dekpol Inwestycje Gdańsk Sp. z o. o. - a special purpose company established to carry out property development projects in the Pomeranian Voivodeship (the company was registered with the National Court Register on March 25, 2022, under the name before it was changed to Dekpol Granaria Sp. z o.o. on September 13, 2022);
17. Dekpol Inwestycje Starogard Korytybska Sp. z o.o. - a special purpose company established to carry out a property development project in Starogard Gdański at Korytybska street (registered in the National Court Register on May 5, 2022).
18. Dekpol Inwestycje – Sol Marina II Sp. z o.o. - a special purpose company established for the purpose of investment in Wiślinka (the company was formed on December 30, 2022, and registered in the National Court Register on January 2, 2023);
19. Dekpol Inwestycje Sopocka Sp. z o.o. - a special purpose company established to carry out an investment project in Sopot (the company was formed on December 30, 2022, and registered with the National Court Register on January 2, 2023).

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

1. Dekpol Inwestycje – Puck Sp. z o.o. Sp. k. – a special purpose company established for investment purposes in Puck.

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

1. Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k. – a special purpose vehicle to carry out a property development investment in Wrocław.

Dekpol S.A. holds 100% of shares in: Kombet Działdowo Sp. z o.o., UAB DEK LT, Statyba, Betpref Sp. z o.o., Dekpol Deweloper Sp. z o.o., Dekpol Steel Sp. z o.o., Dekpol Budownictwo Sp. z o.o.

As at 31st of December 2022, Dekpol Deweloper Spółka z ograniczoną odpowiedzialnością was the limited partner of the companies: Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k.; Dekpol Inwestycje Sp. z o.o. Rokutki Sp.k.; Dekpol Inwestycje Sp. z o.o. Development Sp. k., Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k., Dekpol Inwestycje Sp. z o.o. Neo Jasień Sp. k., Dekpol Inwestycje Sp. z o.o. Grano Resort Sp. k., Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k., Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp. k., Dekpol Inwestycje Sp. z o.o. WBH Sp. k., holding 99.5% of shares in profits in these companies, and 0.5% of shares in profits holds Dekpol Inwestycje Sp. z o.o. being the general partner of these companies.

Dekpol Deweloper Sp. z o.o. was a limited partner in Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k. until December 21, 2020, holding a 49.9% share in profits and losses, while Dekpol Inwestycje Sp. z o.o. - the general partner of the company - held a 0.1% share. Currently, Smartex Sp. z o.o. - a wholly owned subsidiary of Dekpol Deweloper Sp. z o.o. - is the limited partner of Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k. (with an 89.4% share in profits and losses).

Dekpol Deweloper Sp. z o.o. is a limited partner of Dekpol Pszenna Sp. z o.o. Sp.k. holding a 99.5% share in profits in this company, while Dekpol Pszenna Sp. z o.o. being a general partner of this company has 0.5% share in profits and losses.

Dekpol Deweloper Sp. z o.o. holds 100% shares in companies: Nordic Milan Sp. z o.o., Dekpol Pszenna Sp. z o.o. and Dekpol Inwestycje Sp. z o.o., Smartex Sp. z o.o.

Dekpol Deweloper Sp. z o.o. is also a shareholder of Dekpol Inwestycje – Trimare Sp. z o.o., Dekpol Inwestycje – Puck Sp. z o.o., Dekpol Inwestycje – Starogard Sp. z o.o., Dekpol Inwestycje – Warszawa Sp. z o.o., Dekpol Inwestycje – Warszawa 1 Sp. z o.o., Dekpol Inwestycje – Turystyczna Sp. z o.o., in which holds 99% shares, while Dekpol Inwestycje Sp. z o.o. holds 1% of shares.

In October 2021, Dekpol Deweloper Sp. z o.o. as the limited partner and Dekpol Inwestycje - Puck Sp. z o.o. as the general partner established the company Dekpol Inwestycje - Puck Sp. z o.o. Sp. k. In October 2021, another limited partner, Olewnik Sp. z o.o., joined the company. In this company, Dekpol Deweloper has a contribution of PLN 100,000, Olewnik Sp. z o.o. has a contribution of PLN 16,750,000, and Dekpol Inwestycje - Puck Sp. z o.o. has a contribution of PLN 500. The partners participate in the profits and losses of the company in the following way: Dekpol Inwestycje - Puck Sp. z o.o. 0.5%, Dekpol Deweloper Sp. z o.o. 69.5%, Olewnik Sp. z o.o. 30%.

In 2022, new development companies were established: Dekpol Inwestycje Gdańsk Sp. z o.o. (formerly Dekpol Granaria Sp. z o.o.), Dekpol Inwestycje – Starogard Korytybska Sp. z o.o., as well as Dekpol Inwestycje Sol Marina II Sp. z o.o. and Dekpol Inwestycje Sopocka Sp. z o.o. (Dekpol Inwestycje Sol Marina II Sp. z o.o. and Dekpol Inwestycje Sopocka Sp. z o.o. were registered with the National Court Register of Entrepreneurs on January 2, 2023 – an event after the balance sheet date). In all of the above-mentioned companies, Dekpol Deweloper Sp. z o.o. holds 99% of shares, and Dekpol Inwestycje Sp. z o.o. holds 1%.

On June 30, 2022, Dekpol Deweloper Sp. z o.o. acquired Dekpol 1 Sp. z o.o., Dekpol 1 Sp. z o.o. SKA, and Dekpol Royalties Sp. z o.o. As a result of the merger, Dekpol Deweloper Sp. z o.o. became the sole shareholder of Almond Sp. z o.o.

On October 6th, 2022, Dekpol Deweloper Sp. z o.o. (99% of shares) and Dekpol Inwestycje Sp. z o.o. (1%) formed Dekpol Inwestycje Sopot Sp. z o.o. The company has not yet been registered in the National Court Register.

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

1. „Intek” sp. z o.o. – the company runs a steel products production plant in Lubawa.

Changes in the structure of the Capital Group- Dekpol Capital Group's reorganization process

On February 17, 2022, the general meetings and partner 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. (collectively as the Acquired Companies) and Dekpol Deweloper Sp. z o.o. (Acquiring Company) adopted resolutions approving the merger of the aforementioned companies. The decisions of the bodies were made in connection with the agreement by management boards of these companies on March 31, 2021, regarding the merger plan of the companies under art. 492 § 1 pkt 1 of the Commercial Companies Code, i.e. by transferring all the assets of the Acquired Companies to the Acquiring Company and increasing the share capital of the Acquiring Company. Dekpol Royalties Sp. z o.o. was a company established for the purpose of managing intangible and legal assets of the Dekpol Group. Dekpol 1 Sp. z o.o. s.k.a. was an entity that owned 100% of the shares in Almond Sp. z o.o. and Dekpol Royalties Sp. z o.o. as well as other property rights. Dekpol 1 Sp. z o.o. was a limited partner of Dekpol 1 Sp. z o.o. s.k.a. (Dekpol S.A. owned 100% of the shares in the company). As a result of the merger, the share capital of Dekpol Deweloper Sp. z o.o. was increased by creating 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 awarded to Dekpol S.A. in exchange for the contribution in the form of all the assets of the Acquired Companies. As a result of the above, the Acquired Companies were dissolved without liquidation, and all their rights and obligations were transferred by universal succession to the Acquiring Company. As a result, Dekpol Deweloper Sp. z o.o. became the owner of the shares in Almond Sp. z o.o. The merger of the companies and the increase in the share capital of Dekpol Deweloper Sp. z o.o. were registered in the National Court Register on June 30, 2022.

On February 17, 2022, the shareholders' meeting of Dekpol Deweloper Sp. z o.o. agreed to sell shares by Dekpol S.A. to Dekpol Deweloper Sp. z o.o. for the purpose of voluntary share cancellation. As a result, an agreement was concluded on that day for the purchase by Dekpol Deweloper Sp. z o.o. from Dekpol S.A. of 1,278,715 shares of 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 the company's share capital, for their cancellation. The shares were acquired for consideration equal to the nominal value of shares. Ownership of shares was transferred upon conclusion of the agreement. On February 17, 2022, the shareholders' meeting of Dekpol Deweloper Sp. z o.o. adopted a resolution on cancellation of all the aforementioned shares and as a result, a simultaneous reduction of the company's share capital. On March 7, 2022, an announcement was published in the Court and Economic Monitor (MSiG) regarding the resolution to reduce the share capital of Dekpol Deweloper Sp. z o.o., in which creditors of the Company were called upon to submit claims within 3 months from the date of publication.

On June 7, 2022, the convocation period ended. The reduction of the share capital of Dekpol Deweloper Sp. z o.o. resulting from the cancellation of the aforementioned shares was registered in the National Court Register on June 30, 2022, together with the above-mentioned merger.

The above events were part of actions related to the reorganization and optimization of the activities of the Dekpol Capital Group, aimed at streamlining the Group's structure and introducing a management system adapted to the increasing scale of operations, as well as further development plans.

On March 9, 2022, the Extraordinary General Meeting of Shareholders of Betpref Sp. z o.o. decided to increase the share capital by establishing 9,500 new shares with a nominal value of PLN 100.00 each. The new shares were fully subscribed by the sole shareholder, namely Dekpol S.A. The new shares were paid up by a non-monetary contribution in the form of the Company's receivables against Betpref. On March 28, 2022, the increase in the share capital of Betpref Sp. z o.o. was registered in the National Court Register.

On March 25, 2022, Dekpol Granaria Sp. z o.o., a special purpose company established to carry out real estate development projects in the Pomeranian Voivodeship, was registered in the National Court Register. On September 13, 2022, a name change for this company was registered in the National Court Register, to Dekpol Inwestycje Gdańsk Sp. z o.o.

In March 2022, due to the arising of new investment opportunities, it was decided to change the purpose of Dekpol Inwestycje – Starogard Sp. z o.o., a special purpose company. The company will be used to introduce real estate investments in Gdańsk to the Dekpol Group's sales offer, comprising over 100 residential and commercial units from an external entity that is carrying out this investment in accordance with preliminary agreements. Ultimately, the Group plans to change the company's name to one corresponding to the investment location.

On May 5, 2022, Dekpol Inwestycje - Starogard Korytybska Sp. z o.o., a special purpose company established to carry out a property development investment in Starogard Gdański at Korytybska Street, was registered in the National Court Register.

On October 6, 2022, Dekpol Deweloper Sp. z o.o. (99% shares) and Dekpol Inwestycje Sp. z o.o. (1% share) formed Dekpol Inwestycje Sopot Sp. z o.o. So far, the company has not been registered in the National Court Register of Entrepreneurs..

On January 2, 2023 (an event after the balance sheet date), the special purpose companies were registered in the National Court Register: Dekpol Inwestycje Sol Marina II Sp. z o.o. and Dekpol Inwestycje Sopot Sp. z o.o. established for the implementation of development investments in the Tricity agglomeration. The companies were formed on December 30, 2022.

Acquisition of shares in "Kombet Działdowo" Sp. z o.o.

On August 5, 2022, Dekpol S.A. entered into an agreement with natural persons for the transfer of 100% of shares in Kombet Działdowo Sp. z o.o. with its registered office in Komorniki (Kombet). The acquisition price of the shares did not constitute a significant value from the perspective of the financial situation and results of the Dekpol Capital Group. Kombet's business activity includes the production of concrete prefabricates. As a result of the transaction, the Group acquired a production plant along with lands allowing for future expansion, suitable for its needs. Kombet is also a workplace employing over 70 skilled and experienced staff. The acquisition of shares in Kombet aimed to increase the scale of the Group's business in the production of prefabricated elements segment. The Management Board of Dekpol S.A. believes that industrial, logistics and development construction in the coming years will require optimization due to rising material and labor costs. The fair value of the shares in Kombet on the day of acquisition was PLN 23,076 thousand, while the purchase price was PLN 16,000 thousand, resulting in a profit of PLN 7,076 thousand from the opportunistic acquisition. The value of cash on the day of acquisition was PLN 1,573 thousand, while the value of receivables is the fair value presented in assets below at a value of PLN 1,735 thousand.

The profit gained from the favorable acquisition of the unit in the amount of PLN 7,076 thousand was recognized on the balance sheet date in the equity through the current year's result. Dekpol S.A. achieved a profit on the acquisition of the unit because the previous owner of Kombet expressed a desire for a quick transaction due to personal reasons. **Financial data of the acquired entity from the date of acquisition, included in the consolidated statement of comprehensive income for the reporting period.**

Revenues	6 525
Loss	-232

Financial data of the acquired entity as at acquisition date (in thousands of PLN):

Assets

Fixed assets	20 969
Property, plant and equipment	20 969
Intangible assets	0
Deferred income tax assets	0
Current assets	7 466
Inventory	2 135
Trade and other receivables	1 735

Cash and cash equivalents	1 573
Assets in total	28 435

Liabilities

Equity	23 076
Share capital	80
Capital from the sale of shares above their nominal value	0,00
Other capitals	16 761
Retained earnings:	6 235
Profit (loss) from previous years	5 141
The result of the current year	1 094
Liabilities	5 359
Long-term liabilities	0
Deferred income tax provision	3 626
Liabilities and provisions on employee benefits	0
Short-term liabilities	1 733
Short-term credits, borrowings and debt instruments	149
Trade and other liabilities	1 584
Revenues of future terms	0
Liabilities in total	28 435

Profit and loss account

Sales revenues	13 262
Operating expenses	10 454
Gross profit (loss) from sales	2 808
Other operating income	155
Other operating expenses	22
Operating profit (loss)	1 364
Financial revenues	9
Financial costs	5
Net profit (loss)	1 094

Other changes in the structure of Dekpol:

Acquisition of shares in the increased share capital of a subsidiary company of the Issuer

On March 9, 2022, the Extraordinary General Meeting of Shareholders of Betpref Sp. z o.o. decided to increase the share capital by establishing 9,500 new shares with a nominal value of PLN 100.00 each. The new shares were fully subscribed by the sole shareholder, namely Dekpol S.A. The new shares were paid up by a non-monetary contribution in the form of the Company's receivables against Betpref. On March 28, 2022, the increase in the share capital of Betpref Sp. z o.o. was registered in the National Court Register.

1. Legal basis for preparation of financial statement

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

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

The company prepares the profit and loss statement in a multiple-step variant and the cash flow statement – by use of an indirect method.

Platform of used International Financial Reporting Standards

Statement of compliance

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

Changes in standards or interpretations applied for the first time

The following changes to the existing standards issued by the International Accounting Standards Board (IASB) shall enter into force for the first time since 1st of January 2022.

- Change of IFRS 3 „Business combinations”

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

The change applies to annual periods beginning on or after January 1, 2022.

- Change of IAS 16 „Property Plant and Equipments”

The IASB has amended its guidelines on the recognition of costs and revenues related to the production of an item of property, plant and equipment during testing before its intended use. As a result of the change, revenue and the corresponding costs associated with pre-production activities are recognized in the financial statements.

The change applies to annual periods beginning on or after January 1, 2022.

- Change of IFRS 37 „Provisions Contingent Liabilities and Contingent Assets”

The standard change provides additional explanations regarding the structure of service cost. According to the change, these costs include marginal costs (such as labor and material costs) and an allocated portion of other costs directly related to the cost of fulfillment, such as depreciation.

The change applies to annual periods beginning on or after January 1, 2022.

- Changes to various standards resulting from the annual review of International Financial Reporting Standards (Annual Improvements 2018-2020)
- IFRS 1 „First-time Adoption of International Financial Reporting Standards” – the new simplification concerns the application of accumulated foreign exchange differences in consolidation under IFRS 1.;
- IFRS 9 „Financial Instruments” – at the "10% test" performed to determine whether a modification should result in the derecognition of a liability should only consider fees that are exchanged between the debtor and creditor; fees incurred in the event of derecognition should be recognized in profit or loss, and if the liability is not derecognized, they should be included in the value of the liability.
- IFRS 16 „Leases” The part related to the reimbursement of costs from the lessor for improvements made to foreign fixed assets subject to the leasing agreement has been removed from example 13.
- IAS 41 „Agriculture” the prohibition on including cash flows from taxation in fair value measurement has been removed. The amendment aligns the fair value measurement requirements in IFRS 13 'Fair Value Measurement' with those in IFRS 13”.

The changes apply to annual periods beginning on or after January 1, 2022.

This change did not affect financial statement of the Group.

Prior application of standards and interpretations

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

Implementation of new IFRS rules

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

- New standard IFRS 17 „Insurance contracts”
- Insurance contracts will replace the currently effective IFRS 4, which allows for diverse practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting of all entities involved in insurance and investment contracts. The standard is not limited to insurance companies alone and every entity must consider whether the contracts entered into by them contain elements that meet the definition of an insurance contract as defined in IFRS 17.
- The standard applies to annual periods beginning on or after January 1, 2023.
- Changes to IAS 1 "Presentation of Financial Statements" and the IASB's guidance on accounting policy disclosures in practice
- Changes to IAS 1 "Presentation of Financial Statements" require companies to disclose information on significant accounting policies.
- The change applies to annual periods beginning on or after January 1, 2023.
- Changes to IAS 8 „Accounting Policies, Changes in Accounting Estimates and Errors”

Changes to accounting estimates and corrections of errors – definition of accounting estimates.

The change applies to annual periods beginning on or after January 1, 2023.

- Changes to IAS 12 „Income Taxes”
- Deferred tax related to assets and liabilities arising from a single transaction. The Board introduced a requirement that if a transaction results in simultaneous positive and negative temporary differences in the same amount, assets and a provision for deferred income tax should be recognized even if the transaction does not arise from a combination and has no impact on accounting or taxable income. This means that it is necessary to recognize assets and a provision for

deferred tax, for example, when temporary differences in equal amounts arise in the case of leasing (a separate temporary difference from the liability and the right to use) or in the case of obligations related to the withdrawal from use.

The change applies to annual periods beginning on or after January 1, 2023.

- Changes to IFRS 17 Insurance Contracts – application of IFRS 17 and IFRS 9 for the first time - comparative data

The change applies to annual periods beginning on or after January 1, 2023.

- Changes to IFRS 16 „Leases”

Changes regarding lease liability in sales and sale-leaseback transactions..

The change approved by the International Accounting Standards Board applies to annual periods beginning on or after January 1, 2024, and is not yet adopted by the EU).

- Changes to IAS 1 „Presentation of Financial Statements”

The change concerns the clarification of the criteria for classifying liabilities as short-term or long-term and clarifies the definition of "settlement" of a liability.

The change was approved by the International Accounting Standards Board for annual periods beginning on or after January 1, 2024 (not adopted by the EU).

- IFRS 14 „Regulatory Deferral Accounts”

Transitional standard regarding accounting for regulatory deferral account balances. The effective date of the standard is for annual periods beginning on or after January 1, 2016. The standard will not be endorsed by the EU.

- Changes to IFRS 10 and IAS 28: Transactions of sale or contribution of assets between an investor and its associate or joint venture.

The work on approving these changes has been indefinitely postponed by the EU - the effective date has been deferred by the IASB for an indefinite period of time.

Date of approval of the financial statement for publication

The financial statement was approved for publication on 28th of April 2022.

Functional currency and reporting currency

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

Consolidation principles

The consolidated financial statement includes the financial statement of the Parent Company and the financial statements of the entities controlled by the Parent Company prepared as of the balance sheet date.

Subsidiary entities are subject to full consolidation from the date control is acquired by the Group. Consolidation ceases when control is lost. The total income of subsidiary entities is attributed to the owners of the Parent Company as well as to non-controlling interests, even if this attribution results in a negative balance of non-controlling interests. The financial statements of subsidiary entities are prepared for the same reporting period as the Parent Company's financial statements, using the same accounting principles.

The full consolidation of subsidiary entities has been performed as described below, regardless of the extent of ownership by the Parent Company in the subsidiary:

- All relevant assets and liabilities of subsidiary entities and the Parent Company have been fully aggregated,
- All relevant revenue and cost items of subsidiary entities and the Parent Company have been fully aggregated,
- After aggregation, adjustments and consolidation eliminations were made.

The following items have been excluded from the consolidated financial statement:

- the value of equity interests held by the Parent Company and other entities subject to consolidation in subsidiary entities,
- intercompany receivables and payables, as well as other similar settlements, between entities included in the consolidation,
- revenues and expenses related to business transactions conducted between entities included in the consolidation,
- financial revenues and expenses incurred between subsidiary entities,
- unrealized profits and losses arising from transactions conducted between entities included in the consolidation,
- accrued or paid dividends by subsidiary entities to the Parent Company and other subsidiary entities.

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

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

Fixed assets

- Property, plant and equipment are subject to initial recognition at the acquisition price or production cost.
- The acquisition price or production costs are subject to an increase by costs of disassembly and removal of an item of property, plant and equipment and renovation of the place of using it, if the Company is obliged to do so.
- The acquisition price or production costs are not subject to adjustment by foreign exchange differences related to liabilities financing the acquisition of an asset accrued up to the date of putting an asset into use, unless it results from the policy adopted in the scope of hedge accounting.
- The acquisition price or production costs are subject to an increase by costs of interest on liabilities financing the acquisition of an asset accrued up to the date on which an asset is ready for use.
- After the initial recognition, the Company evaluates property, plant and equipment at the acquisition price or production cost less depreciation write-offs (purchase price or production cost model).
- With regard to each item of property, plant and equipment, the Company determines a period of economic useful life. If it is justified in relation to significant component parts of property, plant and equipment to apply various periods of

economic useful life and depreciation rates/methods, the Company applies various depreciation rates/methods in relation to each significant component part of property, plant and equipment.

- Property, plant and equipment are subject to depreciation in a period of economic useful life from the day on which an asset is ready for use until the date on which it is excluded from recognition or it is intended for sale.
- The Company accepts that the final (residual) value of used property, plant and equipment is usually insignificant and will not be determined, unless the residual value is significant in relation to a given item of property, plant and equipment. The residual value constituting at least 20.0% of the initial value of an item of property, plant and equipment is deemed significant.
- The Entity applies a straight-line depreciation method of property, plant and equipment, unless other methods (degressive method, method based on production units) better reflect the consumption of economic benefits. The Company may apply other methods and rates in order to establish tax income.
- A depreciation period, depreciation method and residual value (if determined) are subject to periodic verification at least at the end of each financial year. If a significant change is found as compared to previous estimates, the entity changes amortization rates and/or method starting from the first day of the reporting period.
- Property, plant and equipment with an initial value not exceeding PLN 3,000.00 are included in off-balance sheet records and are written off once in the cost of materials consumption.
- Costs of improvement of property, plant and equipment increase their initial value, provided that improvement consists in extending a period of economic useful life or improving parameters of property, plant and equipment measured by means of costs of operation, productivity, quality of manufactured products or scope of functionality.
- Costs of current renovations and inspections of property, plant and equipment are recognized as costs of the period in which they are incurred, unless they result in extending a period of economic useful life as compared to the initially assumed period.
- If property, plant and equipment are excluded from use, the Company does not discontinue depreciation, unless an item of property, plant and equipment is held for sale within 12 months. In such a case, property, plant and equipment are evaluated at the initial value less revaluation write-offs or at the fair value fewer selling costs, whichever is lower, and are not subject to depreciation - according to MSSF 5 "Non-Current Assets Held for Sale and Discontinued Operations".

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

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

Lease

- The Company recognizes a liability under the concluded lease agreement in the amount of the present value of the lease payments remaining to be paid. The lease payments are discounted using the lease interest rate if that rate can be readily determined. Otherwise, the lessee uses the lessee's incremental borrowing rate.
- To measure the right to use an asset, the Company applies the cost model, except for investment properties measured at fair value.
- The company uses discounted value of debts divided in to long- and short-term debts. The value of debt is updated if lease period is changed or if prediction of buying out abilities will change (updated according to discount rate) or if the lease charges will change due to other than rate changes (updated with no changes to discount rate). The difference in value is written according to changes in right to use value changes.

- Assets which are the subject matter of a financing lease have to be disclosed as user's assets; assets which are the subject matter of an operating lease have to be disclosed as lessor's assets. Information required by MSSF 16 are revealed in additional explanatory notes.
- The company uses exemptions allowed by IFRS 16, i.e. it does not disclose the right of use and liabilities, but only recognizes the costs of current lease payments) in relation to:
 - short term lease agreements (less than 1 year), or
 - where lease value does not exceed 4.000,00 PLN.
- If the Company performs a leaseback transaction, it qualifies lease as operating lease or financial lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. The lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the underlying asset.
- In case of operating lease, the Company recognizes asset as financial asset and it recognizes provided incomes with linear method during the lease duration).
- In the case of a finance lease, the Company recognizes a net investment in the lease, determined at the amount of the qualifying lease payments discounted using the lease interest rate. When own products are leased out, the fair value of the product or the lower value of discounted lease payments is recognized as sales revenues. If the lease interest rate is lower than the market rate, the discounted lease payments are determined using the market rate.
- If the Company enters into a sale and leaseback transaction, the transaction is accounted for depending on whether the transfer of the asset qualifies as a sale. Any gain on disposal of the asset to the lessor is recognized in profit or loss in proportion to the value of the rights transferred to the lessor, provided that the asset is transferred that qualifies as a sale. In the absence of such a transfer, no gain is recognized, the assets are not excluded and the payment received is recognized as a financial liability.

Intangible assets (IA)

- The Company initially recognizes IA acquired in separate transactions at acquisition prices, while IA produced by the Company at a production cost.
- If software licenses or similar assets are acquired, costs of implementation of software incurred until the date of bringing it to the assumed fitness for purpose specified by the Company's Management Board should be recognized under the IA initial value. The implementation costs do not include costs of employee trainings which encumber profit or loss on the date they are incurred.
- Only IA meeting the criteria specified for development works may be classified as IA produced by the Company. Goodwill, trademarks etc. are not classified as IA, if produced by the Company.
- After the initial recognition, the Company evaluates IA at the purchase price or cost of production less amortization write-offs, in accordance with the purchase price or production cost model.
- With regard to each IA, the Company determines a period of economic useful life. A period of economic useful life may be unlimited. A period of economic useful life resulting from legal titles may not be longer than a period of validity of such titles.
- IA is subject to amortization in a period of economic useful life from the day on which an asset is ready for use until the date on which it is excluded from recognition or it is intended for sale.
- The Entity applies a straight-line amortization method of IA, unless other methods (degressive method, method based on production units) better reflect the consumption of economic benefits. The Company may apply other methods and rates in order to establish tax income.
- An amortization period and method are subject to periodic verification, at least at the end of each financial year. If a significant change is found as compared to previous estimates, the entity changes amortization rates and/or method starting from the first day of the reporting period.
- IA with an indefinite period of economic useful life and goodwill are not subject to amortization, but they are tested for impairment loss at the end of each financial year and when there are premises that impairment loss of IA has occurred. Moreover, the correctness of the assumption that IA has an indefinite period of useful life is verified on an annual basis and, if needed, IA is reclassified to amortized IA. Goodwill is not subject to reclassification.

- IA with the initial value not exceeding PLN 3,000.00 is charged to costs once. IA with an initial value of PLN 3,000.00 is included in the analytical records of IA and depreciated over their useful economic life in accordance with the above-mentioned principles.

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

Investment property

- The Company classifies real properties held to generate rent income or an increase in their value as investment properties. If the real property is also used for own needs of the Company, while the separately used part may not constitute a separate ownership unit, the real property is treated as a fixed asset, if the use for own needs prevails, or as investment in the real property, if the investment character prevails.
- The Company evaluates real properties at fair values. Due to the materiality principle, the Company assumes that the valuations referred to in the previous point, made up to 3 months before or after the date on which the given valuation is made, meet the valuation conditions on that day, if no significant changes took place at that time changes in the external environment affecting the value of a given property. At the same time, in the case of real estate purchased on the free market six months before the balance sheet date, no real estate valuation update is required if there were no significant changes in the external environment.

Valuation of shares in subsidiaries and related entities

- The company values investments in subsidiary and associated entities initially at their acquisition cost, and then, after the acquisition date, their value is adjusted based on the change in the investor's interest in the net assets of the invested entity. In the consolidated financial statement, subsidiary entities are consolidated using the full consolidation method, while associated entities are valued using the equity method.

Combinations of entities or businesses under common control

According to IFRS 3 paragraph 2 point (c), combinations of entities or businesses under common control are excluded from the scope of IFRS 3. In such cases, the provisions of IAS 8 paragraphs 10-12 apply, which state that in the absence of specific guidance in IFRS for a particular transaction, the entity's management makes a decision on selecting an appropriate accounting policy. Once selected, the chosen accounting policies should be consistently applied in the future. The selected accounting policies should exhibit the following characteristics:

- providing relevant information to decision-makers,
- fair presentation of the financial position, financial performance, and cash flows of the entity,
- reflecting the economic substance of transactions,
- freedom from abuses,
- compliance with the principle of prudence,
- ensuring completeness in all material aspects.

When selecting an appropriate accounting policy, the following are taken into consideration:

- IFRS regulations related to similar and related issues,
- definitions, recognition criteria, and valuation concepts for assets, liabilities, revenues, and expenses in accordance with the conceptual framework for the preparation and presentation of financial statements.
- Management Board of the entity may also consider the application of:
 - Other accounting standards (e.g., Polish accounting regulations, US Generally Accepted Accounting Principles, etc.),
 - accepted market practices.

However, the applied standards cannot be in contradiction with IFRS and the conceptual framework.

Acquisition of non-controlling shares

- According to IFRS 3, non-controlling interests, which do not give the holder the right to a proportional share in the net assets of the subsidiary, are initially valued at fair value on the acquisition date. On subsequent balance sheet dates, the value of non-controlling interests is updated to reflect the total attributable income to non-controlling shareholders.

Transactions with other related entities

Other related companies are unconsolidated controlled entities, joint ventures, or entities significantly influenced or controlled by a key management personnel of the Parent Company or subsidiary entities of the Group, or their close family members.

Financial instruments

Classification and valuation

A financial asset is any component of assets that belongs to the following categories:

- cash and cash equivalents,
- equity instruments of other entities,
- contractual right to:
 - receive cash or other financial assets from another entity or
 - exchange financial assets or financial liabilities with another entity under potentially favorable conditions.
- A contract that will be settled or may be settled in the entity's own equity instruments and is:
 - a non-derivative instrument that gives, or may give, the entity a right or obligation to receive a variable number of its own equity instruments,
 - an equity-settled derivative or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments..

A financial liability is any liability, that:

- arises from a contractual obligation:
 - payment of cash or other financial assets to another entity or
 - an obligation to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable or
- a contract that will be settled or may be settled in the company's own equity instruments, and is either:
 - a non-derivative instrument that specifies or may require the entity to receive a variable number of the entity's own equity instruments, or
 - a derivative that will or may be settled other than by exchanging a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Assets and financial liabilities are recognized when the Company becomes a party to a binding agreement.

Initially, financial assets are measured at fair value (for financial assets/liabilities subsequently measured at amortized cost, the initial carrying amount is adjusted for transaction costs).

Trade receivables, which do not contain a significant financing component (as defined in IFRS 15), are recognized initially at their transaction price.

The classification of financial assets is based on the Group's business model for managing financial assets and the characteristics of the cash flows resulting from the financial asset.

In subsequent periods after initial recognition, financial assets are measured at:

- amortized cost,
- fair value through other comprehensive income,
- fair value through profit or loss.

The financial asset component is measured at amortized cost if:

- the financial asset component is held in accordance with a business model whose objective is to hold assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial asset is measured at fair value through other comprehensive income if:

- The financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows and to sell assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In addition, the company company has the right to irrevocably designate an investment in equity instruments that is not held for trading, which at the initial recognition was designated as measured at fair value through other comprehensive income (otherwise, such an investment would be measured at fair value through profit or loss). Cumulative amounts in other comprehensive income cannot be reclassified to profit or loss, even if the investment is removed from the statement of financial position. Such an investment is a non-monetary item. If the item is denominated in a foreign currency, exchange differences are recognized in other comprehensive income. Dividends are recognized in profit or loss.

The financial asset component is measured at fair value through profit or loss in all other cases.

Receivables for goods and services related to construction contracts being fulfilled and for advances (although not classified as financial instruments) are classified as short-term receivables, as they are expected to be settled in the normal course of the entity's operating cycle.

Receivables for warranty deposits and loans with a maturity of less than 12 months are recognized as current assets. Long-term receivables for warranty deposits are discounted to their present value using effective interest rates.

Assets are removed from the accounting records when the rights to receive cash flows have expired or been transferred and the substantial risks and rewards of ownership have been transferred.

Revenue from interest on financial assets (valued at either amortized cost, fair value through profit or loss, or fair value through other comprehensive income) is recognized as financial income.

Financial liabilities, after initial recognition, are classified as measured at amortized cost, except for financial liabilities measured at fair value through profit or loss (such as those designated as held for trading), which are measured at fair value. In the case of a financial liability related to bonds, the Company has applied a simplification that does not have a material effect on the measurement of the liability, and has recognized the linear cost of issuance through an active RMK instead of using an effective interest method.

Impairment of financial assets

The impairment of financial assets due to expected credit losses

The expected credit losses refer to credit losses weighted by the probability of default. The company applies the following models to determine impairment losses:

- general model (basic) - for other financial Assets.
- simplified model - for trade receivables,

In the general model, the Company monitors changes in the credit risk level associated with a given financial asset component and classifies financial assets into one of three stages of impairment - based on observing changes in credit risk compared to the initial recognition of the instrument. In general, the following are monitored: payment overdue period, credit rating, and the counterparty's financial situation. Depending on the classification into particular stages, the impairment loss is estimated over a horizon of 12 months (Stage 1) or over the life of the instrument (Stage 2 and Stage 3). A absolute criterion for determining the occurrence of a default is the overdue payment period of more than 90 days.

The simplified model involves monitoring changes in credit risk level throughout the life of the financial instrument and estimating the expected credit loss over the instrument's maturity horizon based on historical data regarding the repayment of receivables from customers.

For financial assets not within the scope of IFRS 9 (i.e. investments in equity instruments, loans granted, and other financial assets not measured at fair value), credit losses are estimated for the entire expected life of the financial instrument if the credit risk associated with the financial asset has significantly increased since initial recognition. If credit risk has not significantly increased since initial recognition, the loss allowance is recognized based on the 12-month expected credit loss.

Derivatives and hedge accounting

- The Company is a party to forward / swap currency transactions. The purpose of concluding forward transactions is to secure the forward rate of future operational transactions resulting from concluded or probable contracts for construction services, the revenues of which are denominated in a currency other than the functional currency of the Company. The hedging allows to reduce the impact of currency fluctuations on the expected revenues expressed in the functional currency and, consequently, to limit the risk related to the expected margin on the contract.
- The company is a party to IRS derivative transactions that allow for managing interest rate risk by changing the interest rate on a loan or investment from variable to fixed or another variable, or from fixed to variable. IRS provides the opportunity to protect against an increase in the cost of a loan or a decrease in the return rate on an investment. These transactions are accounted for as hedges.
- The company is also a party to CAP derivative transactions, where it hedges against an increase in the interest rate and at the same time limits the transaction costs to the amount of the premium due to the issuer.
- The Company applies hedge accounting if it expects that the future transaction meets the high-probability criteria and that the hedging relationship will be effective.
- When applying hedge accounting, the company establishes hedging relationships between hedging instruments and future, highly probable transactions. The hedging relationship may cover only a part of the flows from the hedged and hedging instruments. At least as at the balance sheet date, it measures the effectiveness of the relationship. The main factors of linkage ineffectiveness are:
 - Mismatch of the dates of cash flows from the hedged and hedging instruments,
 - Non-linearity of SWAP points due to rollover of derivatives.
- The effects of the valuation of instruments hedging future cash flows resulting from planned transactions in the part constituting an effective hedge are posted, until the transaction is completed, in other comprehensive income (and presented in the revaluation reserve) and in the part constituting an ineffective hedge, financial gains or losses). On the date of the transaction, the effective part of the established collateral adjusts the result on the transaction.

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

Inventory

- Inventories are valued at acquisition prices or production costs, not higher than the net realizable value.
- To the cost of production of work in progress or finished products, the Company includes all direct costs and variable indirect costs of producing the inventory component as well as the part of fixed indirect costs that was incurred as a result of using normal production capacity.
- The company sets an annual production plan for each month for the production department (quantity - mass of finished products manufactured). If the plan implementation does not exceed 90%, the proportion of fixed indirect production costs proportional to the unrealized plan shall not be included in the costs of inventory production. In addition, fixed indirect production costs for the period of plant or department downtime are not eligible for the cost of inventory if the downtime exceeds one business day.
- The costs of unused production capacity are charged to the costs of basic operating activities in the month they were incurred.
- The cost of inventories does not include exchange rate differences or interest on liabilities financing inventories.
- Purchase costs are recognized as an increase in the value of materials, provided that they can be directly allocated.
- Inventory outgoings are valued according to the first in - first out (FIFO) method.
- The inventory of finished products of the steel constructions and fittings department is valued at reference prices corresponding to the planned manufacturing costs. The differences in the actual cost of production to the cost at reference prices are referred to as deviations and are accounted for in the financial result of the period in proportion to the value of finished products referred to the result of the period at reference prices.
- At the end of the reporting period, the Company compares the valuation of inventories at purchase price or production cost to the net realizable value. For items for which the net realizable value is lower than the carrying value, the Company makes a write-off to the net realizable value.
- The company determines the progress of works on construction service contracts with the share of costs incurred in the contract in the costs of the planned contract. To measure the progress of work, costs not covered by the plan are not included. Costs incurred include material costs, insofar as they relate to embedded materials as planned. Non-embedded materials are included in the stock of materials.

Cash and cash equivalents

Cash and cash equivalents held in banks and on hand are valued at nominal value. The item "Cash and cash equivalents" presented in the cash flow statement consists of demand deposits and those deposits that are easily convertible into a specific amount of cash and are subject to insignificant risk of value changes (with maturities up to 12 months).

The Group includes in the cash and cash equivalents with limited availability the funds:

- which serve as collateral for bank guarantees,
- accumulated in open trust accounts for housing purposes.

Equity

- The company includes in equity:
 - Equivalent of issued equity instruments (shares, stock options, etc.). Equity instruments The Company distinguishes from liabilities in accordance with the provisions of § 15-20 IAS 32 "Financial Instruments - Presentation", i.e. equity instruments include only instruments that do not have a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable. Depending on the legal regulations, capitals are recognized as share capital, supplementary capital or reserve capital.

- In the case of issuing compound instruments, consisting of an equity instrument and a financial liability (e.g. bonds convertible into shares), the Company separates and measures the equity instrument presenting its value as equity.
- Retained earnings - depending on the shareholders' decision, presented as supplementary or reserve capitals. They are valued at their nominal value.
- The effects of the valuation of assets and liabilities recognized directly in equity - presented as reserve capitals. They are valued at their nominal value.
- Undivided result from previous years. It is valued at the nominal value.
- Equity is not subject to revaluation, except for hyperinflation.

Reserves

- The company creates reserves for the following employee benefits:
 - retirement benefits - using actuarial methods. The value of reserves is estimated as of the balance sheet date by an independent actuary. The accrued reserves are equal to the discounted payments that will be made in the future and relate to the period up to the balance sheet date. The company applies a practical simplification, and the entire change in the valuation of the liability for pension and retirement benefits (including actuarial gains/losses) is recognized as profit or loss in the period.
 - Unused employee leaves - are estimated as the product of the average remuneration in the Company constituting the basis on the balance sheet date for the payment of the equivalent for unused vacation (including mark-ups charged to the employer's costs) and the number of days of unused vacation;
 - Other short-term employee benefits related to the reporting period - bonuses, salaries etc. - are treated as liabilities if their value is determined and unconditional. Otherwise, they are recognized as provisions.
- The company creates the following provisions for other titles:
 - On the effects of legal disputes - in the amount of the full value of the subject of dispute and the expected costs related to the dispute, if the legal assessment shows a medium or high probability of losing;
 - For warranty repairs and complaint costs - created based on the historical relation of repair costs incurred to sales revenues of products covered by the warranty;
 - For future losses from pending business operations - created if the contract to which the Company is party incurs burdens, e.g. a contract has been signed that will result in losses, the contract terms have not been fulfilled, which will result in the obligation to pay compensation;
 - For restructuring costs - if the terms of restructuring were agreed and made public before the end of the financial year.

Accrued expenses

- The company settles over time incurred costs that relate to future reporting periods. In particular, billing in proportion to the passage of time shall cover:
 - Insurance costs;
 - Subscription costs;
 - Costs of utilities, rents, pre-pays etc.

Deferred income

Subsidies and state aid

- Subsidies for costs or revenues incurred or obtained in the past are recognized as income in the period in which they became due. Subsidies are presented as a separate item of revenues from basic operating activities, unless they relate to costs or revenues of other operating activities - then they are presented as other operating revenues.

- Subsidies to assets are recognized as deferred income and accounted for in revenues in proportion to the value of the subsidized asset written off into costs. The settled part of the subsidy is presented as income at the same level of the profit and loss account, in which the costs related to the subsidized asset are recognized.

Income tax

- The taxable income (tax loss) of the Company is the income (loss) for a given period, determined in accordance with the principles established by the Polish tax authorities, on the basis of which income tax is payable (refundable).
- Current tax is the amount of income tax payable (refundable) on taxable income (tax loss) for a given period.
- Assets due to deferred income tax constitute amounts anticipated in future periods to be deducted from income tax due to:
 - Negative temporary differences,
 - Carry forward to unused tax losses and
 - Transferring unused tax credits to the next period.
- Tax expense (tax income) consists of the current tax expense (current tax income) and deferred tax expense (deferred tax income).
- The company creates a provision for deferred income tax (recognizes an asset for deferred income tax) in all those cases where the realization or settlement of the carrying amount of an asset or liability results in an increase (decrease) in the amount of future tax payments compared to the amount that it would be appropriate if this implementation or settlement would not have tax effects.
- Current valuation of tax receivables and liabilities should be made in amounts requiring payment according to the rates legally or actually binding as at the balance sheet date.
- Based on the forecasts of financial results in subsequent years, it is necessary to assess whether there are premises (planned taxable income) to create a deferred tax asset or to adjust its value.
- The company does not discount deferred tax assets and reserves.
- Assets and reserves from temporary differences, the effects of which were recognized directly in equity, will be recognized in equity and not in the result of the period.
- Tax receivables and liabilities are separately disclosed in the financial statements, as are assets and provisions under ODPD.
- Current income tax liabilities and liabilities should not be offset. Compensation is allowed only if the Company:
 - Has an enforceable legal title to offset the amounts recognized,
 - Intends to pay tax in the net amount or to simultaneously pay the debts and settle the liability.
- Assets and provisions for ODPD should not be offset. Compensation is allowed only if the Company:
 - Has an enforceable legal title to offset the amounts recognized,
 - Assets and reserves relate to income tax imposed on one or several taxpayers under several conditions.
- Disputes with tax authorities result in recognition of contingent liabilities. If the probability of an unfavorable settlement is high, the Company recognizes reserves in accordance with MSR 37 "Reserves".

Transactions in foreign currencies

- The functional currency of the Company is Polish zloty (PLN). The company prepares financial statements in the functional currency.
- The company measures transactions in foreign currencies at the immediate exchange rate as at the transaction date. It is assumed that the immediate exchange rate as at the transaction date is the average exchange rate of the National Bank of Poland from the day preceding the transaction.
- As at the balance sheet date, the Company measures assets and liabilities expressed in foreign currencies:
 - Cash (currencies as well as receivables and liabilities expressed in foreign currencies) - according to the immediate maturity exchange rate as at the balance sheet date, i.e. according to the average exchange rate of the National Bank of Poland as at the balance sheet date,
 - Non-monetary items measured at historical cost - at the exchange rate as at the transaction date, i.e. they are not subject to revaluation as at the balance sheet date,
 - Non-monetary items measured at fair value - using exchange rates that were in force on the date on which the fair value was determined, i.e. the average exchange rate of the National Bank of Poland on that day.
- If the effects of the valuation of a non-monetary item at fair value are recognized in equity, the exchange differences on the valuation are recognized in the same way. Otherwise, exchange differences are recognized in the result for the period.

Revenues

- Revenue is measured at fair value of the payment. If the payment date is deferred, the revenue should be recognized at the discounted amount at the date of creation. The discount value is the interest (financial) income recognized in accordance with the effective interest rate during the deferred payment period. Revenue is not discounted if the payment period does not exceed 180 days.

Thus, the Company recognizes revenues from contracts with customers only if all of the following conditions are met:

- the parties to the contract have concluded a contract and are required to perform their obligations,
- the entity is able to identify the rights of each party regarding the goods or services to be transferred;
- the entity is able to identify the payment terms for the goods or services to be transferred;
- the contract has economic content and
- it is likely that the Company will receive a remuneration which it will be entitled in exchange for goods or services which will be transferred to the client.
- Revenue should be recognized when the significant risks and benefits of an asset are transferred and when the Company ceases to be permanently involved in managing the asset as an owner. In addition, revenue is considered to have been achieved if the amount of revenue can be estimated reliably and it is probable that the enterprise will obtain economic benefits from the transaction and if the costs incurred can be measured reliably.
- Revenues from the sale of development production are recognized when the control over the real property 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) earlier of two events: the receipt of the premises by the handover protocol or on sale in the form of an act.
- When determining the moment of achieving revenues, the International Trade Terms - "Incoterms" are used. (International Commercial Terms), developed by the International Chamber of Commerce in Paris, called ICC.
- In accordance with the standard, revenue from sales is recognized when and to the extent that the entity meets the obligation to provide a service or deliver goods. Fulfillment of the obligation occurs when the customer gains control over the transferred asset. Revenues from sales are recognized at the transaction price, i.e. the amount expected to be paid. If the amount of income is variable, according to the new standard, variable amounts are included in income, as long as there is a high probability that in the future there will be no reversal of revenue recognition as a result of revaluation.

- The company transfers control over a good or service over time and thus meets the obligation to provide a service and recognizes revenue over time if one of the following conditions is met:
 - the customer simultaneously receives and benefits from the benefits as it is provided,
 - as a result of the performance of the asset, an asset is created or improved, and the control over this asset - as it arises or is improved - by the customer,
 - as a result of the performance of the service, no alternative component is created for the Company, but it has an enforceable right to pay for the service rendered so far. In the case of general contracting, they fulfill this criterion.
- Both in the case of the provision of construction services by the Company and the supply of accessories for construction machinery, there is generally one obligation to perform the service. Thus, the issue of attributing the transaction price to the performance obligation does not require estimation. In the case of construction contracts, the level of progress of the works and the expected margin should be estimated.
- If the price depends on future events or if there is an intention to grant a discount at the end of the contract, the Company estimates the price for the performance of the obligation and includes in the transaction price part or all of the amount of variable remuneration only to the extent that there is a high probability that no there will be a reversal.
- The costs of commission on sales are settled when the premises are sold.
- The Company does not identify the financing component in contracts with respect to retained deposits, in which the retained amount is a guarantee of good performance of the contract due to low significance.
- For each obligation to perform a service fulfilled over time, the Company recognizes revenue based on input-based measurement methods (method of the share of costs incurred until the date of determining the revenue in the total cost of the service).

Financial revenues

- Revenue and expenses from the sale of financial instruments are recognized on the date when the financial instrument is derecognized from the balance sheet in accordance with IFRS 9.
- Dividends should be recognized when the shareholders' rights to receive them are established.
- Revenue from interest on financial assets (valued respectively: at amortized cost, at fair value through profit and loss, or at fair value through other comprehensive income) is recognized in financial income.

Costs

- Costs are recognized as expenses in the period in which they are incurred, i.e., on the date when the assets are derecognized or the liabilities are recognized that correspond to the costs.
- The costs of employee benefits are recognized in the period in which the employees rendered services related to those benefits.

External financing costs

- External financing costs are recognized as expenses in the period in which they are incurred, except for costs that can be directly attributed to the acquisition, construction, or production of a qualifying asset. In such cases, those costs should be capitalized as part of the cost of acquiring or producing the asset.

Principles of accounting for construction contracts

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

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

Accounting for costs of property development activities

- To the cost of manufacturing objects as part of development activities, costs that meet the criteria for the technical cost of manufacturing are recognized, including:
 - Direct manufacturing costs,
 - Indirect costs associated with the construction of the facilities, in particular:
 - Logistics department costs (fuel, car maintenance, logistics management, drivers' remuneration when cars are used on various projects) - accounted for development projects and general contracting according to the key of direct manufacturing costs.
 - Costs of the procurement department of general contracting and development activities - accounted for development projects and general contracting according to the direct production cost key.
- The company extracts accounting devices (accounts) for each development project (Order). The criterion for separating the Order is the estimated time of completion of construction of all objects (buildings and structures) covered by the given order and the similarity of the objects covered by the Order. As part of a single order, expenditure on the production of facilities whose planned completion of use differs by more than 6 months (i.e. the earliest object completed under the order will be completed earlier than 6 months before the last object completed under the order) should not be included. Within one order should not include objects for which the estimated cost of producing PU (usable floor space of the premises) differs more than by 20%. After completing the order, the costs are billed per square meter of PU according to the following algorithm:
 - $TKW \text{ 1m}^2 \text{ PU} = [(PKZR) - (POPS) * (CPOPS)] / (PUO)$
 - Where:
 - TKW – technical manufacturing cost
 - PKZR – total order costs incurred
 - POPS – area of auxiliary facilities subject to sale (garages, basements)
 - CPOPS – expected selling price per square meter of ancillary facilities
 - PUO – total usable area of premises
- The above algorithm assumes that auxiliary areas are valued according to expected sales revenues, similarly to auxiliary production. The costs of shared facilities are billed proportionally per square meter of PU.
- If the data as part of a given order has been completed and is subject to sale or commissioning before the completion of other objects (if other objects are planned to be completed no later than within 6 months from the completion of the first object under the order), then the costs are calculated per square meter of PU of the completed object according to the following algorithm:
 - $FTKW \text{ 1m}^2 \text{ PU} = [(PKZR) + (FKZR) - (POPS) * (CPOPS)] / (PUO)$
 - Where:
 - TKW – estimated technical manufacturing costs
 - FKZR – Estimated future costs necessary to complete the order
- After completing the order (no later than within 6 months) the costs are finally determined and FTKW is corrected to TKW.

- In the event that the initial assumption that all objects under the order will be completed within 6 months and the value of the production cost of 1 m2 PU of the implemented objects will not differ by more than 20% will not be confirmed, the company will distribute orders in accordance with applicable criteria and all costs previously incurred under the order are subject to re-assignment broken down into new orders.
- If the company incurs significant outlays on joint parts related to many orders, these outlays are divided into orders proportionally to PU, and the settlement is made only in relation to open orders or planned to be opened within 12 months from the day of incurring these expenditures.

Segments

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

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

- General contracting,
- property development activity,
- Production of buckets and accessories for machines and devices.

The Group specifies geographic segments as a supplementary reporting model.

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

Segmentation corresponds to the division into similar products or services.

Disclosures regarding the fair value of assets and liabilities

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

Other financial assets (valuation of derivatives) are valued using level 2 hierarchy methods.

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

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

Due to the nature of financial assets and liabilities, the Group does not identify premises for which there would be a significant difference between their carrying amount and fair value. In particular, significant financial liabilities bear interest on an arm's length basis, using a variable interest rate. As regards financial assets, there are mainly receivables with a maturity of up to 1 year and cash. The Group does not prepare fair value measurements of financial assets and liabilities for management purposes.

Earnings per share (EPS)

According to IFRS 33, basic earnings per share is presented as the profit or loss attributable to ordinary shareholders of the parent entity divided by the weighted average number of ordinary shares outstanding during the period. To calculate the earnings attributable to ordinary shareholders, the entity considers the profit or loss from continuing operations attributable

to the entity and the profit or loss attributable to the parent entity. These amounts are adjusted for the value of preferred dividends after tax, differences resulting from the settlement of preferred shares, and other similar effects resulting from preferred shares classified as equity instruments.

Financial risk management

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

- **Interest rate risk** – in the course of its operations, companies within the Dekpol Capital Group are exposed to interest rate risk. These companies have financial obligations whose financial cost is primarily calculated based on the variable base interest rate, such as WIBOR (Warsaw Interbank Offered Rate), or the variable base interest rate EURIBOR, along with a fixed margin. Additionally, the companies also have financial obligations whose financial cost is calculated based on a fixed interest rate.
- **Foreign exchange risk** – due to the continued expansion of operations in foreign currencies, companies within the Dekpol Capital Group are exposed to foreign exchange risk related to their transactions. This risk arises from conducting sales or purchases in currencies other than the domestic currency. The company largely utilizes natural hedging, which helps balance the cash flows and mitigate the impact of foreign exchange fluctuations.
- **Credit risk** – the company is exposed to credit risk, which is the risk that debtors will fail to fulfill their obligations and thereby cause losses for the company. Through ongoing monitoring of receivables and undertaking debt collection actions, the company limits its exposure to the risk of uncollectible receivables. In the case of the sale of residential and commercial properties, there is no risk of uncollectible receivables as they are sold on an installment basis. However, for construction services, the company receives partial advances for the services rendered and settles the construction stages according to the agreed schedule.

Credit risk is understood as the possibility of the Company's debtors defaulting on their obligations and is related to three main areas:

- creditworthiness of customers with whom sales transactions are concluded,
- creditworthiness of financial institutions with which the Company enters into hedging transactions or which act as intermediaries in their conclusion, as well as those in which free funds are invested,
- financial condition of subsidiaries - borrowers.

In detail, the sources of exposure to credit risk include:

- Cash and bank deposits,
- Derivative instruments,
- Receivables from customers,
- Granted loans,
- Granted guarantees and sureties
- Other financial assets.

Odpis na oczekiwane straty kredytowe wycenia się w kwocie równej oczekiwany stratom kredytowym w całym okresie. The provision for expected credit losses is valued at an amount equal to the expected credit losses over the entire life of the receivables. For estimation purposes, 7 risk groups have been identified based on the criterion of days past due, in accordance with the intervals presented below. The default ratios are calculated for the following ranges:

1. Current receivables
2. Receivables overdue by 1 to 30 days
3. Receivables overdue by 31 to 60 days
4. Receivables overdue by 61 to 90 days
5. Receivables overdue by 91 to 180 days
6. Receivables overdue by 180 to 1 year

7. over 1 year

The company uses a simplified model (using a reserve matrix) based on expert knowledge in which provisions are calculated for trade receivables classified into different age groups (overdue periods), using a default rate. The default rate is based on historical data (calculated based on the last 2 years) adjusted for the impact of future factors. The model takes into account the impact of macroeconomic factors.

Regarding receivables from sales and services, which constitute the most significant class of assets exposed to credit risk, as well as assets from customer contracts, the company's management assesses that the company is not exposed to excessive credit risk in relation to significant counterparties. The Dekpol Capital Group has a low degree of credit risk concentration in terms of receivables balances from sales, services, and contracts. The companies within the Dekpol Capital Group collaborate with multiple suppliers and customers, and the transactions with them are diverse. None of these counterparties accounted for more than 20% of the Group's sales revenue in 2022, and at this level, there is no identified dependence on individual external customers or supplier.

As a result, provisions for bad debts are estimated collectively, and receivables are grouped based on their overdue periods.

- **Liquidity risk** – the Company is exposed to the risk of losing liquidity, understood as the risk of losing the ability to pay liabilities within specified time limits. The risk results from a potential restriction of access to financial markets, which may result in the inability to obtain new financing or refinance its debt. Moreover, the risk relates to the situation of a potential breach of the covenants of loan agreements or contained in the terms of bond issue, which may result in the immediate maturity of liabilities. The company enters into loan agreements to finance investments with various banks. The terms of repayment of subsequent installments are adjusted to the expected revenues from the sale of individual investments. Moreover, the Company issues bonds. The Company manages the liquidity risk by monitoring payment dates and demand for cash in the scope of servicing short-term payments (current transactions) and long-term demand for cash based on cash flow forecasts updated on a quarterly basis. The demand for cash is compared with the available sources of obtaining funds (including in particular by assessing the ability to obtain financing in the form of loans and bonds, the possibility of releasing funds from escrow accounts). The maturity dates of significant assets and liabilities are presented in additional notes to the annual financial statements. It also includes a detailed specification of the value of significant components of financial liabilities.
- **Risk related to changes in market trends** - one of the major risks is the possibility of changes in market trends. The demand for investment goods is influenced by many variables beyond the control of the Company. On the other hand, the revenues obtained from the conducted activity are directly affected by the demand and supply for construction services. There is a risk of deterioration of the situation on the construction market by limiting the number of investments, which may translate into the amount of margin, and thus - the Company's profitability. Moreover, the Company's revenues depend to a large extent on the activity of investors in the region. Reducing the investment level may adversely affect its financial result and development prospects. To mitigate this risk, the Company is looking for new contracts on a wider market. This is to minimize the risk of concentration of activities only on the local market. In addition, in the event of unfavorable market changes, the Management Board will implement measures to adapt it to the changing market realities, e.g. by actions aimed at reducing costs.

Other risks affecting business activities of the Company have been described in detail in the Report of Management Board on business activities of the Company and the Dekpol Capital Group.

Capital Management

The main goal of the Group's capital management is to ensure the ability to continue operations, maintain safe capital ratios, and good credit rating. The Group monitors the state of capital using the leverage ratio, which is calculated as the ratio of net debt to the sum of capital plus net debt.

Net indebtedness of the Group includes loans, borrowings, liabilities from debt securities issuance, liabilities from financial leasing, liabilities from supplies and services, and other liabilities, reduced by cash and cash equivalents. Equity includes shareholders' equity attributable to the parent company.

Important assessments and judgements

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

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

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

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

The accounting principles (policies) used to prepare the financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended on 31st of December 2021, except for minor changes (which have no significant effect on the reporting data) and the application of new or amended standards and interpretations applicable to annual periods beginning on or after 1st of January 2022. In the reporting period, no errors concerning previous years were found in the financial statements published so far that would have a significant impact on the financial result and / or equity. The 2022 financial statements are prepared with the application of new or amended standards and interpretations applicable to annual periods beginning on 1st of January 2022 and later.

Statement of comprehensive income

of the Dekpol Capital Group



Statement of financial position

Description	Note	31.12.2022	31.12.2021
Fixed assets		282 275	279 532
Property, plant and equipment	1.	148 754	122 387
Intangible assets		6 745	5 750
Goodwill	3.	0	0
Investment properties	2.	80 817	98 022
Stocks and shares	4.	40	40
Trade and other long-term receivables	7.	17 583	13 079
Other long-term financial assets	5.	4 281	8 497
Deferred income tax assets		24 055	31 757
Current assets		1 104 504	1 077 617
Inventory	6.	396 497	263 187
Receivables due to contracts with clients		0	110 006
Trade and other short-term receivables	7.	459 990	513 797
Receivables due to current income tax		409	0
Other short-term financial assets	5.	18 150	0
Cash and cash equivalents	8.	229 458	190 627
including cash on escrow accounts		12 724	17 383
Current assets other than fixed assets or disposal groups classified as held for sale		1 104 504	1 077 617
Assets classified as held for sale		0	0
Assets in total		1 386 779	1 357 149

Statement of financial position

Description	Note	31.12.2022	31.12.2021
Equity	10.	476 961	387 268
Share capital		8 363	8 363
Equity from sales of shares over its nominal value		26 309	26 309
Own shares (-)		0	0
Other reserve capital from the valuation		7 572	-2 308
Retained earnings:		415 793	336 225
Share capital attributable to the parent entity		458 037	368 589
Non-controlling shares		18 924	18 679
Liabilities	12.	909 818	969 881
Long-term liabilities	12.	269 261	282 261
Deferred income tax provision		28 631	45 975
Liabilities and provisions on employee benefits	10.	334	337
Other long-term provisions		0	0
Long-term credits, borrowings and debt instruments	11.	184 922	200 316
Other long-term financial liabilities	11.	0	0
Long-term lease liabilities		11 814	5 824
Liabilities from deliveries and services and other long-term liabilities		43 560	29 809
Short-term liabilities	12.	640 557	687 620
Liabilities and provisions on employee benefits		368	100
Other short-term provisions	10.	51 267	68 377
Short-term credits, borrowings and debt instruments		123 443	113 786
Other short-term financial liabilities		0	7 214
Short-term lease liabilities		6 557	4 537
Liabilities due to contracts with clients		12 795	0
Liabilities from deliveries and services and other short-term liabilities		425 825	489 662
Liabilities due to current income tax		20 302	3 944
Short-term liabilities other than those related to assets held for sale		640 557	687 620
Liabilities related to assets held for sale		0	0
Liabilities in total		1 386 779	1 357 149

Statement of comprehensive income

Calculation variant

Description	Note	01.01.-31.12.2022	01.01.-31.12.2021
Revenue from sales	14.1	1 386 848	1 255 783
Own selling cost	14.2.	1 182 208	1 090 125
Gross profit (loss) from sales		204 640	165 658
Selling costs		45 272	33 913
General administrative expenses		38 958	31 308
Other operating income	14.4	19 616	30 305
<i>Profit from a bargain purchase</i>		7 076	20 229
Other operating expenses	14.5.	19 976	17 754
Operating profit (loss)		120 050	112 988
Financial revenues	15.1	13 597	2 532
Financial costs	15.2.	35 760	25 882
Profit (loss) before tax		97 887	89 638
Income tax	16.1.	18 978	13 912
Profit (loss) from continuing operations		78 909	75 726
Profit (loss) from discontinued operations		0	0
Net profit (loss)		78 909	75 726
Net profit (loss) attributable to non-controlling shareholders		118	-72
Net profit (loss) attributable to the shareholders of the parent entity		78 791	75 798

Description	01.01.-31.12.2022	01.01.-31.12.2021
Net profit (loss)	78 909	75 726
Other comprehensive income that cannot be transferred to the result	0	0
Other comprehensive income that can be transferred to the result	9 857	1 313
Cash flow hedging instruments	9 859	1 313
Exchange differences on translating foreign units	-2	0
Other comprehensive income before tax	9 857	1 313
Income tax on other comprehensive income that cannot be transferred to the result	-23	0
Income tax on other comprehensive income that can be transferred to the result	0	0
Other net comprehensive income	9 880	1 313
Comprehensive Income	88 789	77 039
Comprehensive income attributable to non-controlling shareholders	118	-72
Comprehensive income attributable to equity holders of the parent entity	88 671	77 111

Earnings per share

Profit (loss) per ordinary share:		
Basic earnings (basic loss) per share from continuing operations	10,60	9,22
Basic earnings (basic loss) per share from discontinued operations	0	0
Profit (loss) per ordinary share	10,60	9,22
Diluted profit (loss) per ordinary share:		
Diluted profit (diluted loss) per share from continuing operations	10,60	9,22
Diluted profit (diluted loss) per share from discontinued operations	0	0
Diluted profit (loss) per ordinary share	10,60	9,22

Cash flow statement

(Indirect method)

Description	01.01.-31.12.2022	01.01.-31.12.2021
Profit (loss) before tax	97 887	89 638
Adjustments:	20 549	-26 415
Depreciation	15 519	11 991
Change of fair value of investment properties	-510	408
Revaluation write-offs recognized in the financial result	0	0
Profit (loss) on the sale of fixed assets	-419	-1 862
Profits (losses) due to exchange rate differences	-5 426	1 667
Interest expenses	32 750	14 701
Interest receivables	-358	-242
Dividend receivables	0	0
Income tax on profit before tax	-747	13 912
Other adjustments	593	0
Change in inventories	-133 310	25 968
Change in receivables	167 713	-317 385
Change in liabilities	-21 066	177 951
Change in reserves	-34 190	46 476
Cash flow from activities (used in activities)	118 436	63 223
Income tax paid	-15 655	-7 404
Net cash from operating activities	102 781	55 819
Expenses related to acquisition of intangible assets	-1 468	-1 168
Inflows from sales of intangible assets	0	0
Expenses related to acquisition of property, plant and equipment	-6 627	-2 969
Inflows from sales of property, plant and equipment	2 397	1 081
Expenses related to acquisition of investment properties	-12 507	0
Inflows from sales of investment properties	0	0
Net expenses for the acquisition of subsidiaries	-16 206	-9 712
Loans granted	0	-4 613
Repayments received from loans granted	0	3 150
Interest received	30	11
Other inflows (expenses) from investment activities	0	-1 498
Net cash from investment activities	-34 381	-15 718
Net inflows from issue of shares	0	16 750
Inflows from issue of debt securities	0	0
Inflows from issue of debt securities	29 835	91 033
Redemption of debt securities	-25 622	-67 451
Inflows from loans and borrowings taken out	51 437	48 015
Repayment of loans and borrowings	-48 829	-75 116
Repayment of liabilities under finance lease	-6 987	-5 001

Interest paid	-27 332	-15 197
Dividends paid	0	0
Inflows from grants received	0	0
Other inflows (expenses) from financial activities	-1 402	0
Net cash from financial activities	-28 900	-6 967
Net change of cash and cash equivalents without FX differences	39 500	33 134
Change of cash and cash equivalents due to FX differences	-669	0
Change in net cash and cash equivalents	38 831	33 134
Cash and cash equivalents at the beginning of the period	190 627	157 493
Cash and cash equivalents at the end of the period	229 458	190 627
Including cash of limited disposal right	13 625	17 383

Statement of changes in equity in reporting period

Description	Share capital	Capital from the sale of shares above their nominal value	Own shares (-)	Other reserve capital from the valuation	Retained earnings	Other capital shares	Non-controlling interests	Total
Balance at the beginning of the period	8 363	26 309	0	-2 308	336 225	368 589	18 679	387 268
Error corrections of previous years	0	0	0	0	0	0	0	0
Balance at the beginning of the period after the changes	8 363	26 309	0	-2 308	336 225	368 589	18 679	387 268
Net profit (loss)	0	0	0	0	78 791	78 791	118	78 909
Other net comprehensive income	0	0	0	9 880	0	9 880	0	9 880
Comprehensive Income	0	0	0	9 880	78 791	88 671	118	88 789
Issue of shares	0	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	777	777	127	904
Total changes in equity	0	0	0	9 880	79 568	89 448	245	89 693
Balance at the end of the period	8 363	26 309	0	7 572	415 793	458 037	18 924	476 961

Statement of changes in equity in previous reporting period

Description	Share capital	Capital from the sale of shares above their nominal value	Own shares (-)	Other reserve capital from the valuation	Retained earnings	Other capital shares	Non-controlling interests	Total
Balance at the beginning of the period	8 363	26 309	0	-3 621	260 427	291 478	2 002	293 479
Error corrections of previous years	0	0	0	0	0	0	0	0
Balance at the beginning of the period after the changes	8 363	26 309	0	-3 621	260 427	291 478	2 002	293 479
Net profit (loss)	0	0	0	0	75 798	75 798	-72	75 726
Other net comprehensive income	0	0	0	1 313	0	1 313	0	1 313
Comprehensive Income	0	0	0	1 313	75 798	77 111	-72	77 039
Issue of shares	0	0	0	0	0	0	16 750	16 750
Dividends	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	0	0	0	0
Total changes in equity	0	0	0	1 313	75 798	77 111	16 678	93 789
Balance at the end of the period	8 363	26 309	0	-2 308	336 225	368 589	18 679	387 268

Additional explanatory notes

to the consolidated financial statement
of the Dekpol Capital Group

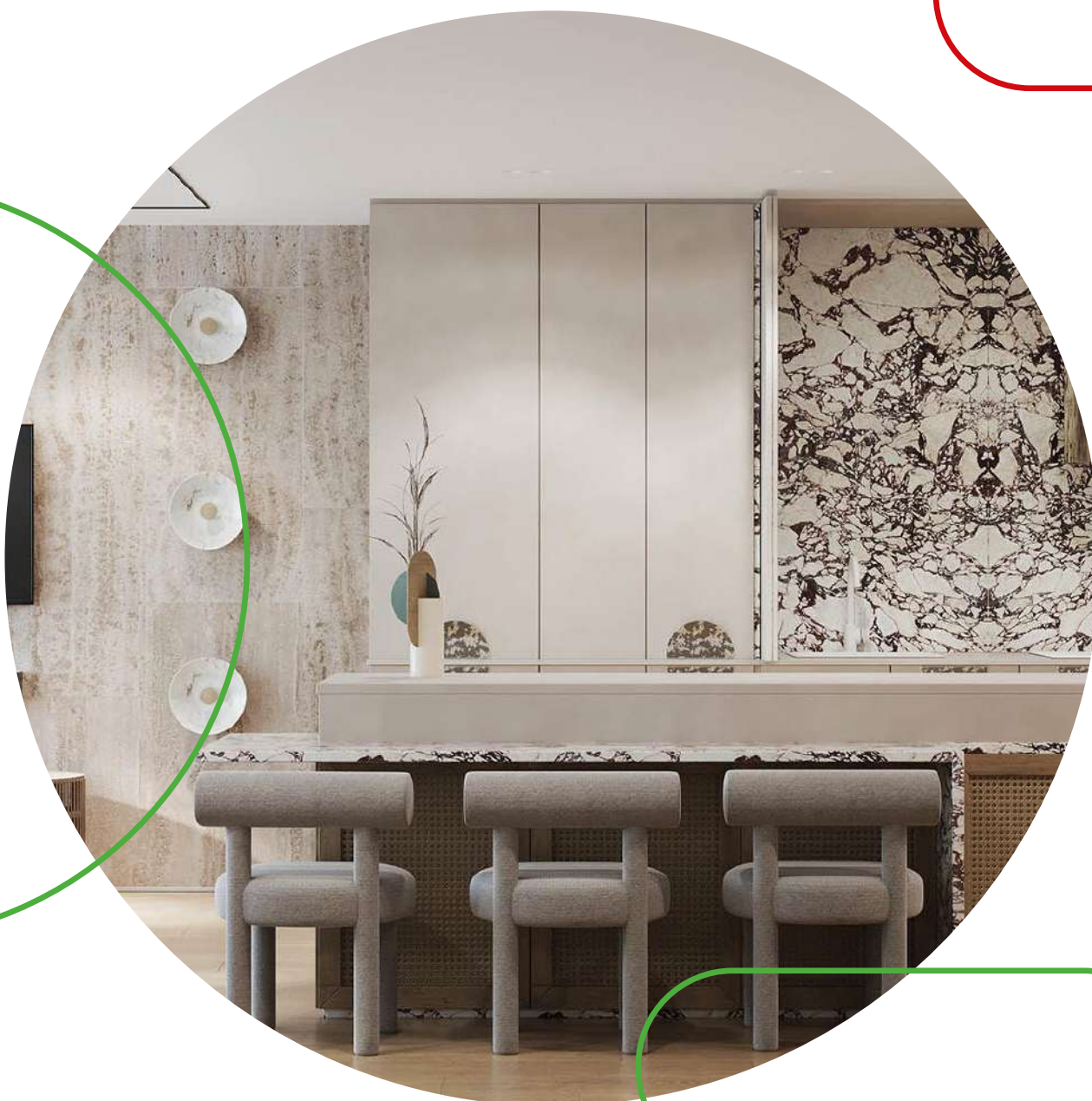


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1. Property, Plant and Equipment

1.1. Property, Plant and Equipment

Description	31.12.2022	31.12.2021
Land	19 061	10 899
Buildings and structures	59 249	51 951
Machines and technical devices	45 367	39 986
Vehicles	17 020	14 208
Other fixed assets	3 985	2 787
Fixed assets under construction	3 901	2 086
Advances in respect of tangible fixed assets	171	470
Net value of property, plant and equipment	148 754	122 387

Depreciation of tangible fixed assets is included in the following items of the income statement:

Description	31.12.2022	31.12.2021
Land	32	86
Buildings and structures	2 851	1 186
Machines and technical devices	6 731	7 136
Vehicles	4 790	3 082
Other fixed assets	786	232
Net value of property, plant and equipment	15 189	11 721

1.2. Property, plant and equipment in reporting period

Description	Land	Buildings and structures	Machines and technical devices	Vehicles	Other fixed assets	Fixed assets under construction	Advances for fixed assets	Total
Gross carrying amount at the beginning of the period	12 154	54 360	59 409	25 697	4 406	2 086	470	158 582
Direct acquisitions	1 416	1 225	9 148	6 962	541	2 132	-299	21 124
Adoption of fixed assets under construction	0	0	338	14	190	-196	0	345
Increases due to business combinations	6 777	8 944	3 849	248	1 346	0	0	21 164
Reclassifications	0	-37	8	0	37	-120	0	-112
Reduction / increase due to the OPE contribution	0	0	0	0	0	0	0	0
Decreases due to sales	0	-551	-1 481	-1 036	-52	0	0	-3 120
Decreases due to liquidation	0	0	-334	-187	-53	0	0	-574
Other adjustments	0	0	219	-121	-88	0	0	10
Gross carrying amount at the end of the period	20 348	63 941	71 156	31 576	6 327	3 901	171	197 420
Accumulated amortization at the beginning of period	-1 255	-2 409	-19 423	-11 489	-1 619	0	0	-36 195
Increase in depreciation for the period	-32	-2 851	-6 731	-4 790	-786	0	0	-15 189
Reclassifications	0	0	0	0	0	0	0	0
Reduction / increase due to the OPE contribution	0	0	0	0	0	0	0	0
Decreases due to sales	0	9	918	519	0	0	0	1 445
Decreases due to liquidation	0	0	101	88	30	0	0	219
Other adjustments	0	0	-416	126	0	0	0	-289
Accumulated amortization at the end of period	-1 287	-4 692	-25 790	-14 556	-2 342	0	0	-48 666
Impairment allowances at the beginning of the period	0	0	0	0	0	0	0	0
Additions during the period	0	0	0	0	0	0	0	0
Impairment allowances at the end of the period	0	0	0	0	0	0	0	0
Net value at end of period	19 061	59 249	45 367	17 020	3 985	3 901	171	148 754

1.3. Property, Plant and Equipment in previous reporting period

Description	Land	Buildings and structures	Machines and technical devices	Vehicles	Other fixed assets	Fixed assets under construction	Advances for fixed assets	Total
Gross carrying amount at the beginning of the period	7 381	34 833	36 427	18 737	3 392	6 011	163	106 944
Direct acquisitions	0	0	4 292	4 908	1 014	2 833	452	13 499
Adoption of fixed assets under construction	0	85	83	0	0	0	0	169
Increases due to business combinations	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
Reduction / increase due to the OPE contribution	0	0	0	0	0	0	0	0
Decreases due to sales	0	0	-449	-519	0	-53	0	-1 021
Decreases due to liquidation	0	0	-2	0	-1	0	0	-2
Other adjustments	4 773	19 442	19 057	2 571	0	-105	0	45 737
Gross carrying amount at the end of the period	12 154	54 360	59 409	25 697	4 406	8 686	614	165 326
Accumulated amortization at the beginning of period	-1 169	-1 224	-12 553	-8 813	-1 388	0	0	-25 146
Increase in depreciation for the period	-86	-1 186	-7 136	-3 082	-232	0	0	-11 721
Reclassifications	0	0	0	0	0	-6 600	-145	-6 744
Reduction / increase due to the OPE contribution	0	0	0	0	0	0	0	0
Decreases due to sales	0	0	190	377	0	0	0	567
Decreases due to liquidation	0	0	2	0	1	0	0	2
Other adjustments	0	0	74	29	0	0	0	103
Accumulated amortization at the end of period	-1 255	-2 409	-19 423	-11 489	-1 619	-6 600	-145	-42 939
Impairment allowances at the beginning of the period	0	0	0	0	0	0	0	0
Additions during the period	0	0	0	0	0	0	0	0
Impairment allowances at the end of the period	0	0	0	0	0	0	0	0
Net value at end of period	10 899	51 951	39 986	14 208	2 787	2 086	470	122 387

2. Investment properties

2.1. Investment properties

Description	31.12.2022	31.12.2021
Land not leased	13 017	30 222
Real estate leased	67 800	67 800
Advances for investment properties	0	0
Net carrying amount	80 817	98 22

The lease property includes the Almond Hotel property located at 12 Toruńska Street, which was valued at fair value using Level 3 hierarchy, by an independent appraiser. The appraiser used the income approach, specifically the income capitalization method, employing the technique of discounting cash flows. The valuation of the property was based on the analysis of historical data of the hotel, market observations, and market analysis of similar properties. A 5-year projection was also adopted considering the gradual recovery of the hotel industry from the crisis. The discount rate was assumed to be 7.5%.

The hotel is subject to a lease agreement between Almond Sp. z o.o., the owner of the property, and City Hotel Management Sp. z o.o. The lease agreement is effective from April 1, 2022, until March 31, 2033.

In 2022, the company Almond recorded rental income from the hotel in the amount of PLN 2,045,000. Meanwhile, the costs incurred during the current year included, among others, the following.:

- property tax in the amount of PLN 187 thousands,
- perpetual usufruct fee in the amount of PLN 75 thousands,
- other costs in the amount of PLN 3 thousands.

The non-leased land consists of a purchased plot in Dekpol Deweloper sp. z o.o. with a value of PLN 12,507,000.

2.2. Investment properties in reporting period

Description	Land not leased	Investment properties leased	Advances for investment properties	Total
Investment properties at the beginning of the period	30 222	67 800	0	98 022
Increases due to item combinations	0	0	0	0
Property purchase	12 507	hkl0	0	12 507
Other changes (reclassifications, transfers, etc.) (+/-)	-30 222	0	0	-30 222
Revaluation to fair value (+/-)	510	0	0	510
Investment properties at the end of the period	13 017	67 800	0	80 817

2.3. Investment properties in previous reporting period

Description	Land not leased	Investment properties leased	Advances for investment properties	Total
Investment properties at the beginning of the period	0	97 634	0	97 634
Increases due to item combinations	0	0	0	0
Property purchase	29 830	0	0	29 830
Other changes (reclassifications, transfers, etc.) (+/-)	0	-31 129	0	-31 129
Revaluation to fair value (+/-)	392	1 680	0	2 072
Investment properties at the end of the period	30 222	67 800	0	98 022

3. Goodwill and other intangible assets

3.1. Intangible assets

Description	31.12.2022	31.12.2021
Goodwill	0	0
Patents and licenses	213	223
Development costs	0	119
Other intangible assets	6 533	5 408
Intangible assets net	6 746	5 750

The remaining intangible asset is an ERP system that is at the implementation stage. The year 2021 was the period of introducing and testing the new ERP system, and 2022 is for an adaptation of the system.

3.2. Intangible assets in reporting period

Amortization of intangible assets has been included in the following items of the profit and loss statement:

Description	31.12.2022	31.12.2021
Goodwill	0	0
Patents and licenses	150	82
Development costs	0	84
Other intangible assets	180	0
Intangible assets net	330	166

Description	Goodwill	Patents and licenses	Development costs	Other intangible assets	Total
Gross carrying amount at beginning of period	1 141	1 956	224	5 678	8 999
Aquisition	0	269	0	137	406
Reduction / increase due to the OPE contribution	0	0	0	0	0
Decreases due to liquidation	0	0	0	-13	-13

Gross carrying amount at end of period	1 141	2 221	224	6 864	10 451
Accumulated amortization at beginning of period	-1 141	-1 652	-224	-152	-3 169
Reduction / increase due to the OPE contribution	0	0	0	0	0
Increase in depreciation for the period	0	-150	0	-180	-330
Decreases due to liquidation	0	0	0	0	0
Accumulated amortization at end of period	-1 141	-1 802	-224	-332	-3 499
Impairment allowances at the beginning of the period	0	-82	0	0	-82
Impairment allowances at the end of the period	0	-206	0	0	-206
Net value at the end of period	0	213	0	6 533	6 746

3.3. Intangible assets in previous reporting period

Description	Goodwill	Patents and licenses	Development costs	Other intangible assets	Total
Gross carrying amount at beginning of period	1 141	1 956	224	5 678	8 999
Aquisition	0	269	0	137	406
Reduction / increase due to the OPE contribution	0	0	0	0	0
Decreases due to liquidation	0	0	0	-13	-13
Gross carrying amount at end of period	1 141	2 221	224	6 864	10 451
Accumulated amortization at beginning of period	-1 141	-1 652	-224	-152	-3 169
Reduction / increase due to the OPE contribution	0	0	0	0	0
Increase in depreciation for the period	0	-150	0	-180	-330
Decreases due to liquidation	0	0	0	0	0
Accumulated amortization at end of period	-1 141	-1 802	-224	-332	-3 499
Impairment allowances at the beginning of the period	0	-82	0	0	-82
Impairment allowances at the end of the period	0	-206	0	0	-206
Net value at the end of period	0	213	0	6 533	6 746

4. Stocks and shares

As at the balance sheet date, there are shares in associated companies with a total value of PLN 40.200.

Dekpol SA holds shares in Dekpol SPV1 sp. z o.o. with a value of PLN 16,200 and Dekpol Deweloper sp.z o.o. holds shares in Mineral Group sp.z o.o. worth PLN 24,000.

On 12th of January 2022, a change in shares in Dekpol SPV1 sp. z o.o. was registered in the National Court Register up to PLN 16,200.

5. Other financial assets

5.1. Other financial assets

Description	31.12.2022	31.12.2021
Derivatives	0	0
Other long-term financial assets	4 281	4 281
Long-term granted loans	0	4 216
Other long-term financial assets	4 281	8 497
Short-term loans	4 544	0
Units in Open Investment Funds	0	0
Other short-term financial assets	13 606	0
Other short-term financial assets	18 150	0

Other long-term financial assets of the value of 4.3 million include long-term deposits, which serve as collateral for guarantees related to construction contracts. As for other short-term financial assets, they consist of derivative instruments valued at fair value (level 2) in the following companies:

- Dekpol Budownictwo sp. z o.o. uses derivative transactions (Forward/SWAP) on currencies to hedge the exchange rate risk of future operational transactions arising from existing or probable construction service contracts, where revenues are denominated in a currency other than the functional currency of the company. As a result of measuring the effectiveness of the hedge, a portion of the effective hedge with a gross value of PLN 8,574 thousand was recognized in the current period.
- Dekpol Deweloper entered into CAP (Cap and Floor) transactions amounting to PLN 20 million PLN on May 5, 2022, in order to limit the risk associated with the increase in interest rates related to the company's liabilities. The fair value measurement of the CAP options is disclosed under the category of other short-term financial assets. The option covers the period from May 23, 2022, to August 23, 2024. The option holder receives interest based on the positive difference between WIBOR 6M and a rate of 3.5%. The valuation of the option, representing an effective hedge, is allocated to other financial assets with a value of PLN 1,166 thousand.
- In order to limit the risk of an increase in the interest rate associated with the company's financial liabilities (obligations), the Company entered into CAP transactions on May 5, 2022, in the amount of PLN 12.9 million. The fair value of the CAP option was disclosed in the position of other short-term financial assets. The option covers the period from May 23, 2022 to August 23, 2024. The option holder receives interest at a positive difference between WIBOR 6M and a rate of 3.5%. The option's valuation in the part that constitutes an effective hedge is included in the revaluation reserve (as described above). At the same time, the Company DEKPOL S.A. in order to limit the risk of an increase in interest rates related to the company's financial obligations (credit), concluded two IRS transactions on March 11 and 14, 2022 for a total of 1.055 million EUR. The fair value of the IRS was disclosed in the Other short-term financial assets position. The IRS transaction covers the period from March 15, 2022 to July 16, 2026. As a result of the transaction, the Company receives a fixed interest rate of 0.7%. The valuation as of December 30, 2022 amounted to PLN 41,000. Then DEKPOL S.A. entered into IRS transactions on August 30, 2022, in order to limit the risk of an increase in the interest rate associated with the company's financial obligations (credit), for a total of 2.738 million EUR. The fair value of the IRS was disclosed in the position of "other short-term financial assets". The IRS transaction covers the period from August 30, 2022, to August 31, 2029. As a result of the above transaction, the Company receives a fixed rate of 2.45%. The valuation as of December 30, 2022, amounted to 125,000 PLN.

Next, DEKPOL S.A. entered into an IRS transaction on September 30, 2022, in order to limit the risk of an increase in the interest rate associated with the company's financial obligations (bonds), for an amount of 2.4 million EUR. The fair value of

the IRS was disclosed in the "other short-term financial assets" position. The IRS transaction covers the period from September 30, 2022, to March 29, 2027. As a result of the above transaction, the Company receives a fixed rate of 3.11%. The valuation as of December 30, 2022, amounted to 271 thousand PLN.

The total valuation of the aforementioned IRS transactions as of December 30th, 2022 was 399,000 PLN.

The valuation of both options represents a value of 2,923,000 PLN.

6. Inventories

6.1. Structure of inventories

Description	31.12.2022	31.12.2021
Materials balance values	40 205	23 370
Goods balance values	4 197	911
Finished products balance values	10 729	6 098
Semi-finished products and work in progress balance value	10 540	11 336
Premises under construction balance value	269 308	185 405
Finished premises balance value	61 518	36 067
Inventories	396 497	263 187

6.2. Inventory write-offs

Description	31.12.2022	31.12.2021
Inventory write-offs at the beginning of period	2 455	922
Inventory write-offs created in period	1 067	173
Inventory write-offs reversal in period (-)	285	0
Inventory write-offs other changes	-1 050	0
Inventory write-offs at the end of period	2 187	1 095

7. Long-term receivables

7.1. Long-term receivables

Description	31.12.2022	31.12.2021
Deposits from construction services	14 001	12 785
Deposits from other titles	264	295
Other receivables	0	1
Receivables write-offs (-)	0	0
Long-term receivables	14 265	13 080
Long-term dereffed charges	145	0
Trade and other long-term receivables	14 410	13 080

7.2. Long-term receivables write-offs

Description	31.12.2022	31.12.2021
Status at the beginning of period	0	0
Write-offs as cost in period	0	0
Write-offs used (-)	0	0
Write-off terminated addend as income in period (-)	0	0
Other changes (net FX differences from settlement)	0	0
Status at the end of period	0	0

7.3. Short-term receivables

Description	31.12.2022	31.12.2021
Net trade receivables	324 437	408 832
Receivables due to other taxes, duties and social security	37 914	41 318
Deposits from construction services balance value	47 432	26 453
Deposits from other titles	358	309
Prepay and advance payment balance value	41 117	30 747
Other receivables balance value	735	521
Dividend receivables - short-term	0	0
Trade receivables and other receivables	451 992	508 180
Short-term deferred charges	7 998	5 617
Trade and other short-term receivables	459 990	513 797

7.4. Short-term receivables write-offs

Description	31.12.2022	31.12.2021
Status at the beginning of period	14 627	9 567
Write-offs terminated added as income in period (-)	-4 535	-2 565
Write-offs used (-)	- 9 381	-277
Write-offs as cost in period	8 127	7 902
Other changes (net FX differences from settlement)	46	0
Status at the end of period	8 884	14 627

Expected credit losses according to simplified model IFRS 9 as at balance sheet date 31.12.2022

	General contracting	Production	Other	Total
Credit losses in terms				
On-time	298	160	18	476
From 1 to 30 days	204	77	85	366
From 31 to 60 days	141	95	25	261
From 61 to 90 days	674	83	10	767
From 91 to 180 days	596	44	27	667
From 181 to 1 year	1 918	135	101	2 154
Over one year	2 289	914	990	4 193
Write-off value in total	6 120	1 508	1 256	8 884

7.5. Structure of payables by payment terms in reporting period

Description	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term receivables	7 784	0	0	0	0	630	7 627	1 542	17 583
Trade receivables	115 105	190 136	19 196	0	0	0	0	0	324 437
Prepayments and payables	0	41 060	57	0	0	0	0	0	41 117
Deposits from construction services	39 678	4 512	2373	427	442	0	0	0	47 432
Deposits from other titles	278	80	0	0	0	0	0	0	358
Receivables due to other taxes	0	36 933	981	0	0	0	0	0	37 914
Other receivables	217	512	0	6	0	0	0	0	735
Receivables in total	163 062	273 233	22 607	433	442	630	7 627	1 542	469 576

7.6. Structure of payables by payment terms in previous reporting period

Description	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term receivables	0	0	0	0	0	618	9 950	2 513	13 080
Trade receivables	150 800	112 684	98 312	41 092	5 945	0	0	0	408 832
Prepayments and payables	9	29 839	900	0	0	0	0	0	30 747
Deposits from construction services	15 250	671	4 935	2 226	3 369	2	0	0	26 453
Deposits from other titles	146	7	156	0	0	0	0	0	309
Receivables due to other taxes	0	40 387	931	0	0	0	0	0	41 318
Other receivables	4	495	19	3	0	0	0	0	521
Receivables in total	166 208	184 082	105 253	43 321	9 314	620	9 950	2 513	521 260

7.7. Structure of overdue receivables in reporting period

Description	Non-overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 year	Total
Trade receivables	209 332	56 916	41 780	5 582	8 889	1 938	324 437
Prepayments and payables	41 117	0	0	0	0	0	41 117
Deposits from construction services	7 754	4 427	6 291	6 494	8 858	13 608	47 432
Deposits from other titles	80	9	14	0	128	127	358
Receivables due to other taxes	37 914	0	0	0	0	0	37 914
Other receivables	518	96	0	121	0	0	735
Overdue receivables	296 715	61 448	48 085	12 197	17 875	15 673	451 993

7.8. Structure of overdue receivables in previous reporting period

Description	Non-overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 year	Total
Trade receivables	256 378	67 285	31 421	15 135	28 635	9 978	408 832
Prepayments and payables	30 282	457	0	0	9	0	30 747
Deposits from construction services	11 203	3 692	858	405	7 124	3 171	26 453
Deposits from other titles	163	14	18	102	4	8	309
Receivables due to other taxes	41 318	0	0	0	0	0	41 318
Other receivables	517	4	0	0	0	0	521
Overdue receivables	339 861	71 451	32 297	15 642	35 771	13 157	508 180

1.9. Active deferred charges

Description	31.12.2022	31.12.2021
Insurance	692	790
Guarantees	347	452
Commissions on the sale of premises	3 777	2 221
Costs of execution of contracts	1 199	3 969
Other	1 983	2 154
Deferred charges in total	7 998	5 617

8. Cash

8.1. Cash specifics

Description	31.12.2022	31.12.2021
Bank accounts	146 533	188 923
cash of limited disposal rights	13 625	17 383
Cash in deposit	2	318
Short-term deposits	80 493	10
Other cash and cash equivalent	2 430	1 376
Cash and cash equivalents	229 458	190 627

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

9. Equities

9.1. Share capital

Description	31.12.2022	31.12.2021
Number of shares	8 363	8 363
Nominal value of the share (PLN)	1 000	1 000
Share capital	8 363	8 363

Equity	The number of shares issued as of 31.12.2022	The number of shares issued as of 31.12.2021	The number of shares authorized for issue as of 31.12.2022	The number of shares authorized for issue as of 31.12.2021
A-Series	6 410 000	6 410 000	0	0
B-Series	1 952 549	1 952 549	0	0
Total:	8 326 549	8 326 549	0	0

9.2. Changes in number of shares

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

10. Provisions

10.1. Provisions specifics

Description	31.12.2022	31.12.2021
Provisions for retirement benefits - short-term	46	46
Provisions for employee benefits - short-term	46	46
Provisions for retirement benefits - long-term*	334	147
Provisions for employee benefits - long-term	334	147
Other long-term provisions	0	0
Provisions for unused holidays	3 056	3 384
Provisions for court litigations	1 726	1 253
Provisions for losses on construction contracts	0	0
Provisions for guarantee repairs	7 252	5 719
Provision for contract costs	32 227	44 227
Provisions for employee bonuses	4 257	2 099
Other provisions	2 939	11 695
Other short-term provisions	51 458	68 377
Provisions	51 838	68 570

* The discount rate adopted by the actuary was 6.7%, and the wage growth rate was estimated to be between 4.4% and 4.5%

10.2. Changes in provisions in reporting period

Description	For retirement benefits	For unused holidays	For court litigations	For guarantee repairs	For losses from contracts	For contract costs	For employee bonuses	Other	Total
Status at the beginning of period	436	3 383	1 253	5 719	0	44 227	2 099	11 452	68 570
Increase of provisions accounted as cost in period	352	2 366	480	1 578	0	27 904	2 407	3 584	38 671
Utilization of provisions accounted as revenue in period (-)	-180	-930	-7	0	0	-39 897	-1 195	-534	-42 743
Utilization of provisions (-)	-139	-1 763	0	-46	0	-7	0	-10 707	-12 661
Increase by merger of entities	0	0	0	0	0	0	0	0	0
Reclassifications and other changes	0	0	0	0	0	0	0	0	0
Status as of the end of period	470	3 056	1 726	7 252	0	32 227	3 311	3 795	51 838

10.3. Changes in provisions in previous reporting period

Description	For retirement benefits	For unused holidays	For court litigations	For guarantee repairs	For losses from contracts	For contract costs	For employee bonuses	Other	Total
Status at the beginning of period	196	2 271	906	5 058	0	52 433	3 091	487	64 441
Increase of provisions accounted as cost in period	241	1 142	424	661	0	44 227	0	11 685	58 380
Utilization of provisions accounted as revenue in period (-)	0	-30	-77	0	0	0	-161	-402	-669
Utilization of provisions (-)	0	0	0	0	0	-52 433	-831	-317	-53 581
Increase by merger of entities	0	0	0	0	0	0	0	0	0
Reclassifications and other changes	0	0	0	0	0	0	0	0	0
Status as of the end of period	436	3 383	1 253	5 719	0	44 227	2 099	11 452	68 570

Interest-bearing liabilities

11.1. Specification of interest-bearing liabilities

Description	31.12.2022	31.12.2021
Other long-term financial liabilities	0	0
Loans, borrowings and long -term debt-instruments	184 922	200 315
Long-term lease liabilities	11 814	5 824
Long-term financial liabilities	196 736	206 139
Other short-term financial liabilities	0	7 214
Loans, borrowings and short-term debt-instruments	123 443	113 786
Short-term lease liabilities	6 557	4 537
Short-term financial liabilities	130 001	125 537
Total financial liabilities	326 737	331 676

11.2. Conditions of interest-bearing liabilities

Due to loans and borrowings

Loans and borrowings as at 31.12.2022	Company	Value	Balance	Currency	Interest rate	Contractual re-payment date
Long-term:						
PKO BP investment loan 54 1020 1462 0000 7396 0134 7483 ¹	Dekpol S.A.	617	617	EUR	EURIBOR 1M + margin	16.07.2026
PKO BP investment loan 82 1020 1462 0000 7896 0154 4808 ²	Dekpol S.A.	2 577	2 577	EUR	EURIBOR 1M + margin	24.08.2030
PKO BP, investment loan agreement no. 69 1020 1462 0000 7396 0169 4459 ³	Dekpol Steel Sp. z o.o.	1 811	1 811	EUR	EURIBOR 3M + margin	26.10.2032
Other			0	PLN		
TOTAL long-term		0	0	PLN	-	-
		5 005	5 005	EUR		

Short-term:

PKO BP investment loan 54 1020 1462 0000 7396 0134 7483 ¹	Dekpol S.A.	259	259	EUR	EURIBOR 1 M + margin	16.07.2026
PKO BP investment loan 82 1020 1462 0000 7896 0154 4808 ²	Dekpol S.A.	161	161	EUR	EURIBOR 1 M + margin	24.08.2030
PKO BP, investment loan agreement no. 69 1020 1462 0000 7396 0169 4459 ³	Dekpol Steel Sp. z o.o.	224	224	EUR	EURIBOR 3 M+ margin	26.10.2032

PKO BP, Multi-Purpose Credit Line Agreement no. LKW 11 1020 1462 0000 7902 0401 1631 ⁴	Dekpol Budownictwo Sp. z o.o.	25 000	24 745	PLN	WIBOR 1M/EURIBOR 1M+ margin	27.06.2024
ING- ALEO discount agreement no. 891/2020/00001802/00	Dekpol Budownictwo Sp. z o.o.	2 500	1 475	PLN	WIBOR 1M + margin	31.12.2022
mBank, Working capital loan, agreement no. 10/034/19/Z/LF	Dekpol Budownictwo Sp. z o.o.	15 000	6 080	PLN	WIBOR 1M + margin	30.06.2023
mBank, overdraft facility, agreement no. 10/033/19/Z/VV ⁴	Dekpol Budownictwo Sp. z o.o.	10 000	0	PLN	WIBOR O/N / ESTR O/N+ margin	30.06.2023
Santander, overdraft facility, agreement no. K01263/17 ^{4,5}	Dekpol Budownictwo Sp. z o.o.	10 000	2	PLN	WIBOR 1M/EURIBOR 1M+ margin	22.02.2023
PKO BP Renewable working capital loan, agreement no. LKW 13 1020 1462 0000 7202 0402 4551 ⁴	Dekpol Budownictwo sp. z o.o.	18 000	1 954	PLN	WIBOR 3M + margin	15.11.2023
PKO BP overdraft facility, agreement no. Credit line 13 1020 1462 0000 7202 0402 4551 ⁴	Dekpol Budownictwo Sp. z o.o.	6 000	0	PLN	WIBOR 3M/EURIBOR 3M+ margin	15.11.2023
BNP Paribas, overdraft facility, Multi-Purpose Premium Credit Line Agreement WAR/8803/21/497/CB ^{4,6}	Dekpol Budownictwo Sp. z o.o.	3 000	0	PLN	WIBOR 1M/EURIBOR 1M+ margin	15.01.2023
mBank S.A., Renewable loan, agreement no. 10/003/22/Z/LF ⁴	Dekpol Budownictwo Sp. z o.o.	20 000	0	PLN	WIBOR 1M/EURIBOR 1M+ margin	30.06.2023
mBank S.A., Renewable loan, agreement no. 10/003/22/Z/PX ^{4,7}	Dekpol Budownictwo Sp. z o.o.	30 000	0	PLN	WIBOR 1M/EURIBOR 1M+ margin	30.06.2023
SGB-Bank S.A, revolving loan, agreement no. 118/UK05/2000251/22	Dekpol Budownictwo Sp. z o.o.	20 000	13	PLN	WIBOR 3M + margin	14.07.2025
SGB-Bank S.A, overdraft facility, agreement no. 119/UK05/2000251/22	Dekpol Budownictwo Sp. z o.o.	15 000	0	PLN	WIBOR 3M + margin	14.07.2025
Bank Ochrony Środowiska, renewable working capital loan, agreement no. S/53/07/2022/1098/K/LKW	Dekpol Budownictwo Sp. z o.o.	20 000	0	PLN	WIBOR 3M + margin	30.09.2024
PKO Faktoring Sp. z o.o., agreement no. 2464/08/2021 ⁸	Dekpol Budownictwo Sp. z o.o.	2 000	0	EUR	WIBOR 1M/EURIBOR 1M+ margin	Indefinite period
PKO BP S.A., overdraft facility, agreement LKW no. 40 1020 1462 0000 7102 0389 1900 ⁴	Dekpol Steel Sp. z o.o.	20 000	11 123	PLN	WIBOR 3M/EURIBOR 3M+ margin	15.11.2023
CITI Bank Handlowy S.A., trade loan, framework agreement RWK/URHK/DS./04/2022 ⁴	Dekpol Steel Sp. z o.o.	5 000	0	PLN	WIBOR 3M/EURIBOR 3M+ margin	Indefinite period
Santander Factoring Sp. z o.o., agreement no. 3673/5447/2019 ^{4,9}	Dekpol Steel Sp. z o.o.	12 000	2 618	PLN	WIBOR 1M/EURIBOR 1M+ margin	31.10.2023
Santander Factoring Sp. z o.o., agreement no. 4305/7131/2022 ⁴	Dekpol Steel Sp. z o.o.	33 000	9 137	PLN	WIBOR 1M/EURIBOR 1M+ margin	27.12.2023

PKO BP overdraft facility, agreement no. 18 1020 1462 0000 7402 0378 6613	Betpref Sp. z o.o.	3 000	0	PLN	WIBOR 3M + margin	19.04.2023
PKO BP S.A., overdraft facility, agreement LKW no. 79 1020 1462 0000 7402 0392 1897 ^{4,10}	Intek Sp. z o.o.	7 000	6 908	PLN	WIBOR 1M/EURIBOR 1M+ margin	26.01.2023
PKO BP S.A., overdraft facility, agreement no. 65 1020 1462 0000 7102 0405 1694 ⁴	Kombet Dział-dowo Sp. z o.o.	3 000	0	PLN	WIBOR 1M/EURIBOR 1M+ margin	13.09.2025
Other			72	PLN		
TOTAL short-term		277 500	64 127	PLN	-	-
		2 644	3 288	EUR	-	-

¹The original loan amount was EUR 1,055,000 (after conversion from PLN) for both the long-term and short-term parts).

²The original loan amount was EUR 2,738,000 for both the long-term and short-term parts.

³The original loan amount was EUR 2,035 ,000 for both the long-term and short-term parts.

⁴The dual-currency limit with the option to utilize in PLN and EUR

⁵As of the publication date, the agreement has been converted into a multiline agreement, and its validity period is until February 14, 2024.

⁶As of the publication date, the multiline facility agreement has been extended until January 16, 2024. The credit limit for the current account remains unchanged..

⁷As of the publication date, the agreement has been changed to a framework agreement, under which the company can utilize a limit of PLN 50 million (up to PLN 50 million for revolving credit and up to PLN 20 million for bank guarantees). The agreement has been extended until December 29, 2023.

⁸As of the publication date, the agreement has been amended regarding the limit amount. The current limit is PLN 18 million.

⁹As of the publication date, the agreement has been amended regarding the limit amount. The current limit is PLN 9.8 million. Additionally, the agreement has been extended until April 27, 2023.

Loans as of 31.12.2022	Company	Collateral
PKO BP investment loan 54 1020 1462 0000 7396 0134 7483	Dekpol S.A.	mortgage, assignment of receivables from insurance policy, bill of exchange, declaration of submission to enforcement under Art. 777 of the Civil Procedure Code by the Borrower
PKO BP investment loan 82 1020 1462 0000 7896 0154 4808	Dekpol S.A.	mortgage, assignment of receivables from insurance policy, bill of exchange, declaration of submission to enforcement under Art. 777 of the Civil Procedure Code by the Borrower
investment loan PKO BP agreement no. 69 1020 1462 0000 7396 0169 4459	Dekpol Steel Sp. z o.o.	Mortgage on real estate, cession of rights from an insurance agreement secured by real estate, statement of submission to execution under Article 777 of the Code of Civil Procedure
PKO BP, Working capital loan within Multi-Purpose Credit Line Agree- ment LKW 11 1020 1462 0000 7902 0401 1631	Dekpol Budownictwo Sp. z o.o.	Mortgage on real estate, cession of rights from an insurance agreement secured by real estate, statement of submission to execution under Article 777 of the Code of Civil Procedure, cession of contracts, liquidity guarantee from BGK, blank promissory note in favor of BGK
ING- ALEO discount agreement no. 891/2020/00001802/00	Dekpol Budownictwo Sp. z o.o.	surety, Statement of submission to execution under Article 777 of the Civil Procedure Code by the Debtor and Guarantor
mBank, Working capital loan, agree- ment no. 10/034/19/Z/LF	Dekpol Budownictwo Sp. z o.o.	Mortgage on real estate, cession of rights from an insurance agreement secured by real estate, statement of submission to execution under Article 777 of the Code of Civil Procedure, surety
mBank, overdraft facility, agreement no. 10/033/19/Z/VV	Dekpol Budownictwo Sp. z o.o.	Mortgage on real estate, cession of rights from an insurance agreement secured by real estate, statement of submission to execution under Article 777 of the Code of Civil Procedure, surety
Santander, overdraft facility, agree- ment no. K01263/1	Dekpol Budownictwo Sp. z o.o.	statement of submission to execution under Article 777 of the Code of Civil Procedure, surety, cession of contracts

PKO BP overdraft facility and revolving loan, agreement LKW no. 13 1020 1462 0000 7202 0402 4551	Dekpol Budownictwo Sp. z o.o.	Mortgage on real estate, cession of rights from an insurance agreement secured by real estate, statement of submission to execution under Article 777 of the Code of Civil Procedure, cession of contracts, liquidity guarantee from BGK, Blank promissory note in favor of BGK
BNP Paribas, overdraft facility, Multi-Purpose Premium Credit Line Agreement WAR/8803/21/497/CB	Dekpol Budownictwo Sp. z o.o.	Blank promissory note, statement of submission to execution under Article 777 of the Code of Civil Procedure, surety, Mortgage on real estate
mBank S.A., revolving loan, agreement no. 10/003/22/Z/LF	Dekpol Budownictwo Sp. z o.o.	Mortgage on real estate, cession of rights from an insurance agreement secured by real estate, statement of submission to execution under Article 777 of the Code of Civil Procedure, surety
mBank S.A., revolving loan, agreement no. 10/003/22/Z/PX	Dekpol Budownictwo Sp. z o.o.	Mortgage on real estate, cession of rights from an insurance agreement secured by real estate, statement of submission to execution under Article 777 of the Code of Civil Procedure, surety
SGB-Bank S.A., revolving loan, agreement no. 118/UK05/2000251/22	Dekpol Budownictwo Sp. z o.o.	statement of submission to execution under Article 777 of the Code of Civil Procedure, cession of contracts, Blank promissory note
SGB-Bank S.A., overdraft facility agreement no. 119/UK05/2000251/22	Dekpol Budownictwo Sp. z o.o.	statement of submission to execution under Article 777 of the Code of Civil Procedure, mortgage on the real-estate, bank promissory note
Bank Ochrony Środowiska, renewable working capital loan, agreement no. S/53/07/2022/1098/K/LKW	Dekpol Budownictwo Sp. z o.o.	statement of submission to execution under Article 777 of the Code of Civil Procedure, Mortgage on real estate, Blank promissory note, zabezpieczenie na ruchomościach, BGK Guarantee, cession of contracts
PKO Faktoring Sp. z o.o., agreement no. 2464/08/2021	Dekpol Budownictwo Sp. z o.o.	surety
overdraft facility PKO BP S.A. agreement no. 40 1020 1462 0000 7102 0389 01900	Dekpol Steel Sp. z o.o.	BGK Guarantee, Blank promissory note in favor of BGK, statement of submission to execution under Article 777 of the Code of Civil Procedure
Kredyt handlowy w Bank Handlowy CITI w Warszawie S.A. agreement no. BWH/URHK/DS./04/2022	Dekpol Steel Sp. z o.o.	Blank promissory note, statement of submission to execution under Article 777 of the Code of Civil Procedure
Factoring agreement Santander Factoring Sp. z o.o. – agreement no. 3673/5447/2019	Dekpol Steel Sp. z o.o.	Blank promissory note, Power of attorney for a bank account
Factoring agreement Santander Factoring Sp. z o.o. agreement no. 4305/7131/2022	Dekpol Steel Sp. z o.o.	BGK Guarantee, Blank promissory note in favor of BGK, Blank promissory note, Power of attorney for a bank account
overdraft facility, PKO BP S.A. agreement no. 18 1020 462 0000 7402 0378 6613	Betpref Sp. z o.o.	Mortgage on real estate, cession of rights from an insurance agreement secured by real estate, statement of submission to execution under Article 777 of the Code of Civil Procedure
PKO BP S.A., overdraft facility, agreement LKW no. 79 1020 1462 0000 7402 0392 1897	Intek Sp. z o.o.	Mortgage on real estate, cession of rights from an insurance agreement secured by real estate, Blank promissory note, joining a debt by Dekpol Steel, statement of submission to execution under Article 777 of the Code of Civil Procedure
PKO BP S.A., overdraft facility, agreement no. 65 1020 1462 0000 7102 0405 1694	Kombet Działdowo Sp. z o.o.	Mortgage on real estate, cession of rights from an insurance agreement secured by real estate, surety, statement of submission to execution under Article 777 of the Code of Civil Procedure

Loans and borrowings as of 31.12.2021

31.12.2021	Company	Value	Balance	Currency	Interest rate	Repayment date
Long-term						
PKO BP investment loan 54 1020 1462 0000 7396 0134 7483 ¹	Dekpol S.A.	5 817	4 240	PLN	WIBOR1M+ margin	16.07.2026
Long-term loans and borrowings in total		5 817	4 240	PLN	-	-

Short-term

SGB-Bank S.A. revolving loan, agreement no. REW/2200155/2020/2	Dekpol S.A.	30 000	18 715	PLN	WIBOR 3M + margin	14.07.2022
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SGB-Bank S.A. overdraft facility, agreement no. KRB/2200155/2020/1	Dekpol S.A.	15 000	0	PLN	WIBOR 3M + margin	14.07.2022
PKO BP overdraft facility, agreement LKW 38 1020 1462 0000 7102 0368 2028	Dekpol S.A.	3 000	0	PLN	WIBOR 1M + margin	15.07.2022
PKO BP Working capital loan, umowa LKW 38 1020 1462 0000 7102 0368 2028	Dekpol S.A.	22 000	19 795	PLN	WIBOR 1M + margin	15.07.2022
PKO BP investment loan 54 1020 1462 0000 7396 0134 7483 ¹	Dekpol S.A.	1 183	1 183	PLN	WIBOR 1M + margin	16.07.2026
ING - ALEO discount agreement no. 891/2020/00001802/00	Dekpol Budownictwo Sp. z o.o.	2 500	1 759	PLN	WIBOR 1M+ margin	2021-12-31 ²
mBank Working capital loan, agreement no. 10/034/19/Z/LF	Dekpol Budownictwo Sp. z o.o.	25 000 ³	8 418	PLN	WIBOR 1M+ margin	2022-06-30
mBank overdraft facility, agreement no. 10/033/19/Z/VV	Dekpol Budownictwo Sp. z o.o.	10 000	0	PLN	WIBOR 0/N+ margin	2022-06-30
Santander overdraft facility, agreement no. K01263/17	Dekpol Budownictwo Sp. z o.o.	10 000	599	PLN	WIBOR 1M/EURIBOR 1M+ margin	2022-12-22
PKO BP overdraft facility, umowa LKW 32 1020 1462 0000 7502 0388 9326	Dekpol Budownictwo Sp. z o.o.	3 000	0	PLN	WIBOR 3M+ margin	2023-11-15
PKO BP renewable Working capital loan, agreement LKW 32 1020 1462 0000 7502 0388 9326	Dekpol Budownictwo Sp. z o.o.	15 000	15 000	PLN	WIBOR 3M+ margin	2023-11-15
BNP Paribas overdraft facility, Multi-Purpose Premium Credit Line Agreement WAR/8803/21/497/CB	Dekpol Budownictwo Sp. z o.o.	3 000	0	PLN	WIBOR 1M/EURIBOR 1M + margin	2022-09-22
BPS Faktor S.A. faktoring agreement no. 377/377/2020	Dekpol Budownictwo Sp. z o.o.	15 000	1 960	PLN	WIBOR 1M/ EURIBOR 1M + margin	2022-06-29
PKO Factoring Sp. z o.o.	Dekpol Budownictwo Sp. z o.o.	2 000	0	EUR	EURIBOR 1M /WIBOR 1M + margin	Indefinite period
Santander Faktoring Sp. z o.o.	Dekpol Budownictwo Sp. z o.o.	7 000	0	PLN	WIBOR 1M/ EURIBOR 1M + margin	2022-01-15
PKO BP S.A. overdraft facility agreement LKW 40 1020 1462 0000 7102 0389 1900	Dekpol Steel Sp. z o.o.	20 000	15 907	PLN	WIBOR 3M /EURIBOR 3M+ margin	2023-11-15
Santander Faktoring sp. z o.o. faktoring agreement no. 3673/5447/2019	Dekpol Steel Sp. z o.o.	27 000 ⁴	19 695	PLN	WIBOR 1M/ EURIBOR 1M + margin	2022-10-31
PKO BP overdraft facility, agreement no. 18 1020 1462 0000 7402 0378 6613	Betpref Sp. z o.o.	3 000	0	PLN	WIBOR 3M+ margin	2022-04-19 ⁵
mBank S.A. Working capital loan, agreement no. 10/073/21/Z/OB	Dekpol Inwestycje Sp. z o.o. Neo Jasień sp. k	22 806	0	PLN	WIBOR 1M+ margin	2023-08-31
mBank S.A. overdraft facility, framework agreement no. 05/014/19/Z/PX ⁵	Intek Sp. z o.o.	860	294	PLN	WIBOR 0/N+ margin	2022-02-05
mBank S.A. revolving loan y, agreement no. 05/004/19/Z/LI ⁶	Intek Sp. z o.o.	800	800	PLN	WIBOR 1M+ margin	2022-02-21
loans	Intek Sp. z o.o.	600	600	PLN	fixed	2022-11-10
other			18	PLN		

Short-term loans and borrowings in total	236 749	104 743	PLN	-	-
	2 000	0	EUR		

¹As of the publication date of this report, there has been a change in the currency of the loan from PLN to EUR and the base rate to EURIBOR 1M.

²According to the state as of the publication date of the report, the agreement has been modified in terms of its validity period, which has been extended until December 31, 2022)

³ According to the state as of the publication date of the report, the agreement has been modified in terms of the limit amount, which has been reduced to PLN 15,000,000 at the request of the Borrower.

⁴ According to the state as of the publication date of the report, the agreement has been modified in terms of the limit amount, which has been increased to the amount of PLN 35,450,000

⁵According to the state as of the publication date of the report, the agreement has been modified in terms of the duration, which has been extended until April 19, 2023

⁶ According to the state as of the publication date of the report, the agreements have been terminated at the request of the Borrower.

Loans and borrowings as of 31.12.2021		Collateral
Dekpol S.A.	PKO BP investment loan 54 1020 1462 0000 7396 0134 7483	mortgage (including overdraft facility and working capital loan within LKW number 38 1020 1462 0000 7102 0368 2028) on a real-estate cession of rights from an insurance agreement, promissory note, statement of submission to execution under Article 777 of the Code of Civil Procedure
Dekpol S.A.	SGB-Bank S.A. revolving loan, agreement no. REW/2200155/2020/2	assignment of receivables from GC contracts, promissory note, guarantee PLG-FGP BGK, joining a debt by Dekpol Sp. z o.o promissory note., statement of submission to execution under Article 777 of the Code of Civil Procedure by the Borrower and debt joining entity
Dekpol S.A.	SGB-Bank S.A. overdraft facility, agreement no. KRB/2200155/2020/1	mortgage on real estate, promissory note, guarantee PLG-FGP BGK, joining a debt by Dekpol Budownictwo Sp. z o.o statement of submission to execution under Article 777 of the Code of Civil Procedure by the Borrower debt joining entity and mortgage debtor
Dekpol S.A.	PKO BP, umowa Linii Wielocelewej Kredytowej 38 1020 1462 0000 7102 0368 2028 (w jej ramach overdraft facility and working capital loan)	mortgage on real estate, cession of rights from an insurance agreement, assignment of receivables from GC contracts, promissory note, guarantee PLG-FGP BGK, joining a debt by Dekpol Budownictwo Sp. z o.o., statement of submission to execution under Article 777 of the Code of Civil Procedure by the Borrower and debt joining entity
Dekpol Budownictwo Sp. z o.o.	ING- Aleo- discount agreement no. 891/2020/00001802/00	statement of submission to execution under Article 777 of the Code of Civil Procedure by the Borrower and Guarantor
Dekpol Budownictwo Sp. z o.o.	mBank -Schebe agreement no. 10/031/19/Z/PX (including working capital loan agreement no. 10/034/19/Z/LF and overdraft facility agreement no. 10/033/19/Z/V)	mortgage (including working capital loan agreement no. 10/033/19/Z/LF) on real estate, poręczenie, statement of submission to execution under Article 777 of the Code of Civil Procedure by the Borrower , Guarantor and mortgage debtor,
Dekpol Budownictwo Sp. z o.o.	Santander- overdraft facility agreement no. K01263/17	surety, statement of submission to execution under Article 777 of the Code of Civil Procedure by the Borrower and Guarantor, assignment of receivables from GC contracts
Dekpol Budownictwo Sp. z o.o.	PKO BP S.A., Multi-purpose line agreement 32 1020 1462 0000 7502 0388 9326	mortgage on real estates, cession of rights from an insurance agreement, surety of the company Dekpol S.A., statement of submission to execution under Article 777 of the Code of Civil Procedure by the Borrower and Guarantor, guarantee PLG-FGP BGK, assignment of receivables from GC contracts
Dekpol Budownictwo Sp. z o.o.	BNP- Multi-Purpose Premium Credit Line Agreement WAR/8803/21/497/CB	Joint mortgage on real-estates, surety, cession of rights from an insurance agreement , statement of submission to execution under Article 777 of the Code of Civil Procedure by the Borrower , promissory note, assignment of receivables from GC contracts, receipt of the collateral (collateral deposit in the amount of PLN 1 752 292,15 and EUR 182 281,96)
Dekpol Budownictwo Sp. z o.o.	BPS Faktor S.A. factoring agreement no. 377/377/2020	promissory note, power of attorney for the bank account, assignment of receivables from contracts submitted to the factor, surety
Dekpol Budownictwo Sp. z o.o.	PKO Faktoring agreement no. 2464/08/2021	promissory note, power of attorney for the bank account, cession of receivables, surety

Dekpol Budownictwo Sp. z o.o.	Santander Factoring Sp. z o.o. factoring agreement no. 4089/6703/2021	promissory note, power of attorney for the bank account, cession of receivables, surety
Dekpol Steel Sp. z o.o.	PKO BP S.A.- overdraft facility, agreement no. LKW 40 1020 1462 0000 7102 0389 400	guarantee PLG-FGP BGK, statement of submission to execution under Article 777 of the Code of Civil Procedure by the Borrower
Dekpol Steel Sp. z o.o.	Santander Factoring sp. z o.o. factoring agreement no. 3673/5447/2019	promissory note, power of attorney for the bank account, cession of receivables
Betpref Sp. z o.o.	PKO BP S.A.- overdraft facility agreement no. 18 1020 1462 0000 7402 0378 6613	mortgage on real estates, cession of rights from an insurance agreement, surety of the company Dekpol S.A., statement of submission to execution under Article 777 of the Code of Civil Procedure by the Borrower
Dekpol Inwestycje Sp. z o.o. Neo Jasień Sp.k	mBank S.A.- Working capital loan, agreement no. 10/073/21/Z/OB.	mortgage on real estate, statement of submission to execution under Article 777 of the Code of Civil Procedure by the Borrower, cession of rights from an insurance agreement of the real estate, assignment of receivables from buyers of apartments, cession of receivables from the general contractor, financial pledge with priority of satisfaction on the Borrower's bank accounts, subordination of loans, support agreement with Dekpol Deweloper Sp. z o.o.
Intek Sp. z o.o.	mBank S.A.- overdraft facility, framework agreement no. 05/014/19/Z/PX ¹	Contractual mortgage on a real-estate, cession of rights from an insurance agreement, promissory note
Intek Sp. z o.o.	mBank S.A.- revolving loan, agreement no. 05/004/19/Z/LI ²	promissory note

Due to bonds

Bonds as of: 31.12.2022	Company	Nominal value	Balance	Currency	Interest rate	Date of repayment
Long-term:						
J-series bonds	Dekpol S.A.	11 000	11 000	PLN	WIBOR 6M+ margin	22.06.2024
K-series bonds ¹	Dekpol S.A.	39 150	39 150	PLN	WIBOR 6M+ margin	23.08.2024
P2021A-series bonds	Dekpol S.A.	25 000	25 000	PLN	WIBOR 6M+ margin	13.02.2025
P2021B-series bonds	Dekpol S.A.	12 102	12 102	PLN	WIBOR 6M+ margin	22.09.2025
2022AC-series bonds ²	Dekpol S.A.	2 400	2 400	EUR	EURIBOR 6M+ margin	29.03.2027
2022BC-series bonds ³	Dekpol S.A.	3 800	3 800	EUR	EURIBOR 6M+ margin	29.03.2027
B-series bonds	Dekpol Deweloper Sp. z o.o.	10 000	10 000	PLN	WIBOR 6M+ margin	01.08.2024
A-series bonds	Dekpol Budownictwo Sp. z o.o.	15 000	15 000	PLN	WIBOR 6M+ margin	30.04.2025
B-series bonds	Dekpol Budownictwo Sp. z o.o.	20 000	20 000	PLN	WIBOR 6M+ margin	30.10.2025
TOTAL long-term bonds.		132 252	132 252	PLN	-	-
		6 200	6 200	EUR		
Short-term:						
I-series bonds	Dekpol S.A.	50 000	50 000	PLN	WIBOR 6M+ margin	28.10.2023
Total short-term bonds		50 000	50 000	PLN	-	-

¹On 09/08/2021 the K and L series were assimilated and currently both appear together under the name and ISIN code of the K series

²The 2022AC-series bonds are subject to partial redemption on March 29, 2022 (EUR 0.36 million) and on September 29, 2026 (EUR 0.36 million)

³The 2022BC series bonds are subject to partial redemption on March 29, 2026 (EUR 0.57 million) and on March 29, 2026 (EUR 0.57 million).

Bonds as of 31.12.2022	Collateral
I-series bonds	Mortgage on real-estate and statement of submission to execution under Article 777 of the Code of Civil Procedure of the mortgage debtor
J-series bonds	n/a
K-series bonds	n/a
P2021A-series bonds	n/a
P2021B-series bonds	n/a
2022AC-series bonds	Transfer of loan receivables
2022BC-series bonds	Transfer of loan receivables
A and B-series bonds (Dekpol Budownictwo Sp. z o.o.)	Mortgage on real-estate, cession of rights from an insurance agreement related to the above mentioned real-estate, statement of submission to execution under Article 777 of the Code of Civil Procedure of the Issuer and mortgage debtor
B-series bonds (Dekpol Budownictwo Sp. z o.o.)	Surety and statement of submission to execution under Article 777 of the Code of Civil Procedure of the guarantor

Bonds at the end of reporting period 31.12.2021	Value*	Balance	Currency	Interest rate	Date of repayment
Long-term					
I-series bonds	50 000	50 000	PLN	WIBOR 6M+ margin	28.10.2023
J-series bonds	11 000	11 000	PLN	WIBOR 6M+ margin	22.06.2024
K-series bonds *	39 150	39 150	PLN	WIBOR 6M+ margin	23.08.2024
P2021A-series bonds	25 000	25 000	PLN	WIBOR 3M+ margin	13.02.2025
A-series bonds (Dekpol Deweloper Sp. z o.o.)	12 500	12 500	PLN	WIBOR 6M+ margin*	30.08.2023
B-series bonds (Dekpol Deweloper sp. z o.o.)	10 000	10 000	PLN	WIBOR 6M+ margin*	01.08.2024
C-series bonds (Dekpol Deweloper Sp. z o.o.)	15 650	15 650	PLN	fixed	24.06.2025
A-series bonds (Dekpol Budownictwo Sp. z o.o.)	15 000	15 000	PLN	WIBOR 6M+ margin*	30.04.2025
B-series bonds (Dekpol Budownictwo Sp. z o.o.)	20 000	20 000	PLN	WIBOR 6M+ margin*	30.10.2025
Total long-term bonds	198 300	198 300	PLN	-	-
Short-term					
A-series bonds (Dekpol Deweloper Sp. z o.o.)	9 000	9 000	PLN	WIBOR 6M+ margin*	19.06.2022
Total short-term bonds	9 000	9 000	PLN	-	-

*from 19.06.2022 change of interest rate to a fixed rate

	Collateral
I-series bonds	Mortgage on real-estate and statement of submission to execution under Article 777 of the Code of Civil Procedure of the mortgage debtor
J-series bonds	n/a
K-series bonds	n/a
P2021A-series bonds	n/a
A-series bonds (Dekpol Deweloper sp. z o.o.)	Surety of Dekpol S.A., Dekpol Budownictwo sp. z o.o. and Dekpol Steel sp. z o.o. and statement of submission to execution under Article 777 of the Code of Civil Procedure of Guarantors
B-series bonds (Dekpol Deweloper sp. z o.o.)	Surety and statement of submission to execution under Article 777 of the Code of Civil Procedure of Guarantors
C-series bonds (Dekpol Deweloper sp. z o.o.)	Surety, transfer of loan receivables and statement of submission to execution under Article 777 of the Code of Civil Procedure of Guarantor and borrowers
A and B-series bonds (Dekpol Budownictwo Sp. z o.o.)	Mortgage on real-estate, cession of rights from an insurance agreement related to the above mentioned real-estate, statement of submission to execution under Article 777 of the Code of Civil Procedure of the Issuer and mortgage debtor

The value of capitalized interest as of the balance sheet date amounts PLN 1,812,000.

Parent Entity

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

On February 24, 2022, Management Board of Dekpol S.A. adopted a resolution regarding the issuance of up to 50,000 bearer bonds of P2021B series 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 March 18, 2022, a resolution of the Company's Management Board amending the resolution of February 24, 2022 regarding the issuance of the Bonds came into force. According to the amendment, the size of the P2021B series bond issue was reduced to 15,000 Bonds with an issue price equal to the nominal value of PLN 1,000 each and a total nominal value of up to PLN 15 million, and the use of the proceeds from the Bonds issuance was designated for the current business operations of the Issuer's Capital Group.

On March 18, 2022, the resolution of Management Board of the Company came into force regarding the approval by the Polish Financial Supervision Authority (KNF) of the supplement to the prospectus containing the above-mentioned changes. The change in the parameters of the Bond issue was related to the current situation in the financial market, mainly determined by the ongoing aggression of Russia towards Ukraine. Initially, the purpose of the funds raised from the Bond issue was to be the early redemption of the Series I Bonds upon the Issuer's request, by the date of payment of interest for the III interest period in accordance with Terms and Conditions of the Series I Bond issue, and any surplus was to be allocated to the current business operations of the Group. In view of the risk of not achieving the originally assumed full proceeds from the issue, the Issuer decided to abandon the intention of early redemption of Series I Bonds and to conduct only the issuance of Bonds with a lower value that would satisfy the demand expressed by investors, but at the same time would not significantly increase the Group's debt.

The issuance of bonds was carried out on the basis of a prospectus approved by the Polish Financial Supervision Authority (KNF) on April 21, 2021, in a public offering within the meaning of the Act of July 29, 2005, on public offerings (...). The bonds were issued on the basis of Art. 33 para. 1 of the Bond Act, under the adopted bond issuance program in 2020. According to the Final Terms and Conditions of the Bonds Issue, the interest rate on the Bonds is variable and amounts to 4.60% + WIBOR 3M on an annual basis. Interest on the Bonds is payable every 3 months. The Bonds are not secured. The redemption of Bonds will take place on September 22, 2025. The Bondholders have the right to demand early redemption of Bonds in standard cases specified in the Terms and Conditions of Bond Issue, including in the event of the Group exceeding certain debt ratios. The Company may demand early redemption of the Bonds on any interest payment date, paying a premium of 0-1.25% of the nominal value of the Bonds subject to redemption, depending on the date of submission of the request.

On March 24, 2022, Management Board of Dekpol S.A. adopted a resolution on preliminary allocation of 12,102 bearer bonds of series P2021B with a nominal value of PLN 1,000 each and a total nominal value of PLN 12,102,000. The bonds of series P2021B were allocated subject to a suspensive condition of the final settlement of transaction for the acquisition of Bonds under the issuance by Krajowy Depozyt Papierów Wartościowych S.A. (KDPW). On March 29, 2022, the Company received information about the final settlement of the Bonds by KDPW. Thus, the issuance of bonds of series P2021B was successfully completed.

On March 9, 2022, KDPW issued a statement regarding registration of up to 50,000 series P2021B bonds of the Company in the securities depository. The registration of bonds was to take place based on settlement orders submitted after the resolution on the admission of the bonds to trading on the regulated market was adopted. The condition for the registration of bonds was their admission to trading on the regulated market. Subsequently, due to the resolution of the Issuer's Management Board regarding the change of the emission parameters, on March 25, 2022, KDPW issued a statement on change in the number of bonds subject to registration to 15,000 (previously 50,000).

On March 25, 2022, Management Board of the Warsaw Stock Exchange (GPW) passed a resolution regarding the admission of 12,102 series P2021B bonds issued by the Company to trading on the Catalyst primary market, effective from the registration of the Bonds by KDPW. On March 30, 2022, Management Board of GPW passed a resolution to introduce 12,102 series P2021B bearer bonds issued by the Company to trading on the Catalyst primary market, effective from April 4, 2022. Additionally, GPW's Management Board set the last trading day for the Bonds for September 11, 2025.

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

Annex to the Investment loan agreement of the Company with PKO BP

On March 7, 2022, Dekpol S.A. entered into an amendment to the investment loan agreement dated July 17, 2020, with PKO BP. Based on the amendment, PKO BP converted the amount of the loan indebtedness from PLN to EUR. As a result of the currency change, the amount of the indebtedness on the date of the amendment amounted 1.05 million EUR. The reference rate also changed from WIBOR1M to EURIBOR1M. The other terms of the agreement remained unchanged. The agreement is valid until July 16, 2026.

In addition, on March 11 and 14, 2022, Dekpol S.A. entered into interest rate swap transactions (IRS) with PKO BP in order to limit the adverse impact of changes in market interest rates on cash flows and to minimize financing costs.

CAP Options transactions

On May 5th, 2022, Dekpol S.A. entered into two CAP transactions with BNP Paribas Bank Polska S.A., for amounts of PLN 19.15 million and PLN 11 million, respectively. The purpose of entering into the CAP transactions is to limit the risk of an increase in the interest rate associated with the company's financial obligations.

Investment loan agreement of the Company with PKO BP

On August 25, 2022, Dekpol S.A. entered into an investment loan agreement with PKO BP in the amount of 2.74 million EUR. The loan was granted to refinance expenses related to the purchase of shares in Kombet Działdowo Sp. z o.o. The loan repayment is due on August 30, 2030.

Additionally, on August 30, 2022, Dekpol S.A. entered into interest rate swap transactions (IRS) with PKO BP, aimed at limiting the unfavorable impact of changes in market interest rates on cash flows and minimizing financial costs.

Issue of 2022AC-series bonds

On September 29, 2022, Dekpol S.A. issued series 2022 AC bonds in the amount of 2.4 million EUR with a final redemption date of March 29, 2027. The issued bonds will be partially redeemed in the amount of 360,000 EUR on March 29, 2026 and in the amount of 360,000 EUR on September 29, 2026. The bonds are secured and bear interest based on the EURIBOR6M rate plus a margin. The proceeds from the bond issue were used to provide an intragroup loan to the subsidiary Dekpol Deweloper Sp. z o.o. for the partial early redemption of the C series bonds of that company. The 2022 AC bonds will not be traded on an organized market.

In addition, on September 30, 2022, the company entered into interest rate swap (IRS) transactions with PKO BP S.A. to limit the adverse impact of changes in market interest rates on cash flows and minimize financial costs.

Issue of 2022BC-series bonds

On October 6, 2022, Dekpol S.A. issued series 2022BC bonds for the amount of 3.8 million EUR with a final redemption date on March 29, 2027. The issued bonds will be subject to partial redemption in the amount of 570,000 EUR on March 29, 2026, and 570,000 EUR on September 29, 2026. The bonds are secured and bear interest at the EURIBOR 6M rate plus a margin. The funds from the bond issue were allocated to provide an intra-group loan to the subsidiary company, Dekpol Deweloper Sp. z o.o., to finance the company's operational activities. Series 2022BC bonds will not be traded on an organized market.

II Bonds Issue Programme

On December 7, 2022, Management Board of Dekpol S.A. adopted a resolution on the Second Bonds Issue Programme with a total nominal value not exceeding PLN 150 million (PEO II). The PEO II established by Management Board came into effect together with the approval on April 24, 2023 (an event after balance sheet date) by the Polish Financial Supervision Authority (KNF) of the basic prospectus of the Second Bonds Issue Programme of Dekpol S.A. Under the PEO II, the Company may issue bonds in the manner specified in Article 33(1) of the Act of January 15, 2015 on bonds. Bonds with a total nominal value not exceeding PLN 150 million may be issued in one or more series within 12 months from the date of approval of the prospectus by the KNF. Bonds may be issued both as unsecured and secured bonds. The interest on bonds may be variable or fixed. The bond payments will be in cash only. The issuance of subsequent series of bonds will be made each time by a resolution of the Company's Management Board, which will specify the final Terms and Conditions of the issue of a given series, including in particular the currency of the bonds of a given series, the issue price, the unit and total nominal value of the bonds of a given series, the redemption date, the interest rate, the interest periods, and the rules for applying for the introduction of the bonds of a given series to trading on a regulated market or an alternative trading system Catalyst. As of the date of publication of this report, no bond issuances have taken place under the PEO II.

Subsidiaries

The investment loan agreement of the subsidiary company with PKO BP

On January 26, 2022, Dekpol Steel Sp. z o.o. entered into an investment loan agreement with PKO Bank Polski S.A. (hereinafter referred to as PKO BP) in the amount of EUR 2.03 million in convertible currency. The purpose of the loan was to finance and refinance related to the acquisition of 100% shares in Intek Sp. z o.o. The loan was granted for a period until January 26, 2032. The loan is disbursed in installments. Additionally, on January 31, 2022, Dekpol Steel Sp. z o.o. entered into an interest rate swap transaction (IRS) with PKO BP, aiming to mitigate the adverse impact of market interest rate fluctuations on cash flows and minimize financial costs.

Multi-purpose loan agreement of the subsidiary company with PKO BP

On January 27, 2022, Intek Sp. z o.o. entered into a multi-purpose loan agreement with PKO Bank Polski S.A. (hereinafter referred to as PKO BP) in the amount of PLN 7 million, including a current account credit up to a maximum amount of PLN 7 million, which could be utilized in PLN and EUR currencies, and bank guarantees up to a maximum amount of PLN 1 million. The granted credit line is intended for financing ongoing obligations resulting from the company's business activities and issuing bank guarantees. Intek Sp. z o.o. was entitled to use the credit line for a period of 12 months from the date of the agreement. Subsequently, the available limit was extended until April 27, 2023.

Revolving loan agreement and an annex to the subsidiary's framework agreement with mBank S.A.

On February 16, 2022, Dekpol Budownictwo Sp. z o.o. signed an agreement with mBank S.A. for a revolving multi-purpose loan for invoice redemption in the amount of PLN 20 million. The purpose of the loan is to finance the company's current operations. Pier-otne Dekpol Budownictwo Sp. z o.o. was entitled to use the credit until September 30, 2022. On September 27, 2022, the parties entered into an annex, on the basis of which Dekpol Budownictwo Sp. z o.o. is authorized to use the loan until June 30, 2023, while the final repayment date is set for September 29, 2023.

At the same time, on February 16, 2022, Dekpol Budownictwo Sp. z o.o. concluded with mBank S.A. an annex to the framework agreement dated June 26, 2019, as amended. Pursuant to the annex, the value of the limit was reduced from PLN 35 million to PLN 25 million and the revolving credit for invoice redemption granted under this limit 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 June 30, 2022, Dekpol Budownictwo Sp. z o.o. concluded with mBank S.A. an annex to the above-mentioned framework agreement extending the availability of the line until June 30, 2023.

Agreement and annexes to the revolving credit agreement of the subsidiary company with mBank S.A.

On March 21, 2022, Dekpol Budownictwo Sp. z o.o. entered into a framework agreement with mBank S.A. in the amount of PLN 30 million, which defines the terms of using the line for financing ongoing activities. Within the line, mBank S.A. may provide revolving credits in PLN and EUR. Initially, Dekpol Budownictwo Sp. z o.o. was entitled to use the credit until September 30, 2022, and the expiration date of the line was set for March 31, 2023. On September 27, 2022, the parties concluded an annex, according to which Dekpol Budownictwo Sp. z o.o. is entitled to use the line until June 30, 2023, and the expiration date of the line is December 29, 2023.

Then, on March 7, 2023 (an event after balance sheet date), the parties entered into an annex, as a result of which the limit of the line was increased to PLN 50 million. Within the line, Dekpol Budownictwo Sp. z o.o. can utilize revolving credits (submit up to PLN 50 million) and contract guarantees (submit up to PLN 20 million). The interest rate for revolving credits is based on the WIBOR/EURIBOR 1M rate plus the bank's margin. The agreement includes obligations during the term of the agreement, including maintaining certain debt ratios at specified levels. The collateral for the bank's receivables arising from the agreement includes, among others, a contractual mortgage on land properties and other typical collateral for credit agreements.

About the above mentioned event the Company announced in current reports no. 7/2023 dated March 7, 2023.

Working capital loan agreement of a subsidiary company with mBank S.A.

On April 6, 2022, Dekpol Inwestycje Spółka z ograniczoną odpowiedzialnością Pastelowa sp.k entered into a revolving credit agreement with mBank S.A. in the amount of PLN 39.06 million. The credit was granted to finance and refinance expenses related to the implementation of a development project called Osiedle Pastelowe - stage 2 in Gdańsk. The credit will be disbursed in installments, and the repayment date of the credit is set for November 30, 2023.

Subsequently, on December 13, 2022, the agreement was terminated at the borrower's request.

CAP Options transactions

On May 5, 2022, Dekpol Deweloper Sp. z o.o. entered into a CAP (Constant Amortization Swap) transaction with Santander Bank Polska S.A. for an amount of PLN 20 million. The purpose of entering into the CAP transaction is to limit the risk associated with the increase in interest rates related to the company's financial obligations.

Loan agreement of the subsidiary company with PKO BP

On June 28, 2022, Dekpol Budownictwo Sp. z o.o. entered into a multi-purpose credit limit agreement with PKO BP for an amount of PLN 50 million. Within the limit, sub-limits were granted for a renewable revolving credit of up to PLN 30 million, a non-renewable revolving credit of up to PLN 30 million, which can be used to finance obligations arising from general contracting agreements, and a sub-limit for bank guarantees issued to secure the obligations of Dekpol Budownictwo Sp. z o.o. up to 25 PLN million. The credit limit was granted until June 2024 (credit and limit utilization period). The credit limit can be used in PLN and EUR. The interest rate for the credits granted within the limit is determined based on a variable interest rate equal to the WIBOR1M/EURIBOR1M rate, plus the bank's margin. The collateral for all obligations of Dekpol Budownictwo Sp. z o.o. arising from the agreement includes, among others, a comprehensive contractual mortgage on a property located in Toruń and an assignment of receivables from commercial contracts. The agreement includes obligations, among others, to maintain debt ratios at specified levels.

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

Annex to the factoring agreement and a new factoring agreement of the subsidiary company with Santander Faktoring Sp. z o.o.

On June 28, 2022, Dekpol Steel Sp. z o.o. entered into an amendment to the factoring agreement with Santander Faktoring Sp. z o.o. The annex changed the available factoring limit from PLN 34.45 million to PLN 12 million. The limit was valid until October 31, 2022. Additionally, on June 28, 2022, Dekpol Steel Sp. z o.o. concluded a new factoring agreement with Santander Faktoring Sp. z o.o. The available factoring limit under the new agreement amounts PLN 33 million, and the agreement is valid until December 27, 2023.

Revolving credit agreement and overdraft facility agreement of a subsidiary company with SGB Bank S.A.

On July 15, 2022, Dekpol Budownictwo Sp. z o.o. entered into a revolving credit agreement with SGB Bank S.A. in the amount of PLN 20 million, as well as a overdraft facility agreement in the amount of PLN 15 million. The revolving credit was granted to finance expenses related to the execution of general contracting agreements, while the overdraft facility agreements was provided for the ongoing financing of the company's operations. The company is entitled to utilize the revolving credit and overdraft facility until July 14, 2025.

Framework Agreement for the Provision of Trade Loans to a Subsidiary Company by Bank Handlowy S.A. in Warsaw

On July 15, 2022, Dekpol Steel Sp. z o.o. entered into a framework agreement with Bank Handlowy w Warszawie S.A. for the provision of trade loans with a financing limit of PLN 5 million. The loan was granted for financing the ongoing business activities. The subsidiary company is entitled to use the limit indefinitely.

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

On August 1, 2022, Dekpol Deweloper Sp. z o.o. carried out an early voluntary redemption of 7,600 units of A-series bonds for a total amount of approximately PLN 7.5 million. Subsequently, on August 31, 2022, the remaining 4,900 units of A-series bonds were also voluntarily redeemed early, for a total amount of approximately PLN 4.9 million. As a result, all A-series bonds of Dekpol Deweloper Sp. z o.o. were redeemed prior to the maturity date for the purpose of cancellation. The bonds were cancelled by a resolution of the company's management board.

Annex to the multi-purpose credit limit agreement of a subsidiary company with PKO BP

On August 11, 2022, Dekpol Budownictwo Sp. z o.o. entered into an annex with PKO BP to the multi-purpose credit limit agreement dated April 19, 2021. According to the annex, the company extended the availability of the granted credit limit of PLN 18 million, both in PLN and EUR currency. The limit is available until November 15, 2023.

Annex to the agreement on the treasury limit of a subsidiary company with PKO BP

On August 11, 2022, Dekpol Budownictwo Sp. z o.o. entered into an amendment to the treasury limit agreement with PKO BP, dated September 15, 2020, increasing the available limit for treasury transactions from PLN 36.9 million to PLN 63.9 million. Currently, the limit is available until August 11, 2023.

Loan agreement of a subsidiary company with PKO BP

On September 15, 2022, Kombet Działdowo Sp. z o.o. entered into a multi-purpose credit limit agreement with PKO BP for an amount of PLN 3.5 million. Within the limit, sub-limits were granted for a current account credit of up to PLN 3 million, which can be used to finance current obligations arising from the company's activities, and a sub-limit for bank guarantees issued to secure Kombet's obligations up to PLN 0.5 million. The credit limit was granted until September 13, 2025. The credit limit can be utilized in PLN and EUR. The interest rate for loans granted within the limit is determined based on a variable interest rate equal to the WIBOR1M/EURIBOR1M rate, plus the bank's margin.

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

On September 29, 2022, Dekpol Deweloper Sp. z o.o. made a partial early voluntary redemption of C-series bonds for a total amount of approximately PLN 11.45 million. Subsequently, on October 3, 2022, Dekpol Deweloper Sp. z o.o. made an early voluntary redemption of the remaining portion of the C-series bonds for a total amount of approximately PLN 3.81 million. As a result, the entire C-series bonds of Dekpol Deweloper Sp. z o.o. were redeemed prior to the maturity date and subsequently canceled by a resolution of the company's management board.

Conclusion by Dekpol Budownictwo Sp. z o.o. of a multi-purpose credit facility agreement with Bank Ochrony Środowiska S.A.

On December 5, 2022, Dekpol Budownictwo Sp. z o.o. entered into a multi-purpose credit facility agreement with Bank Ochrony Środowiska S.A. The agreement entails a credit line of PLN 50 million. The purpose of the obtained financing is to finance the ongoing operational needs related to the company's business activities. Within the multi-purpose credit line, Dekpol Budownictwo can utilize a renewable revolving credit with a limit of PLN 20 million and a guarantee limit of PLN 50 million. The total amount of funds utilized cannot exceed PLN 50 million. The interest rate for the credit granted under the

multi-purpose credit line will be based on a variable interest rate equal to the WIBOR3M rate plus the bank's margin. The credit line has a renewable nature. The final repayment date (the validity date of the agreement) is set for September 30, 2024. The collateral for all obligations of Dekpol Budownictwo Sp. z o.o. arising from the agreement includes, among others, a guarantee from PLG FGK Bank Gospodarstwa Krajowego, a combined contractual mortgage established on immovable properties located in Starogard Gdański and Wrocław, a registered pledge on movable property or rights of the company Intek Sp. z o.o., assignment of receivables from commercial contracts, and other typical securities for credit agreements. The agreement includes borrower obligations during the term of the agreement, including maintaining certain debt ratios at specified levels.

About conclusion of the Agreement, the Company announced in current report no. 42/2022 dated December 6, 2022.

Annex to the multi-purpose premium credit line do umowy of a subsidiary company with BNP Paribas

On January 16, 2023 (event after balance sheet date), Dekpol Budownictwo Sp. z o.o. entered into an annex to the existing multi-purpose premium credit line agreement with BNP Paribas Bank Polska S.A., which was originally signed in 2021. According to the annex, the subsidiary company is entitled to utilize the multi-purpose credit line of up to PLN 40 million (previously PLN 30 million). Within the available limit, the subsidiary may utilize the overdraft facility, provide bank guarantees, and issue letters of credit. The limit is available until January 16, 2024.

Conclusion of a factoring agreement by a subsidiary company with Santander Faktoring Sp. z o.o.

On January 26, 2023 (event after balance sheet date), Dekpol Steel Sp. z o.o. entered into a factoring agreement with Santander Faktoring Sp. z o.o. According to the agreement, the company is able to utilize a factoring limit of PLN 2.2 million. The company is authorized to use the limit until October 31, 2023.

Conclusion of a multi-line agreement by a subsidiary company with Santander Bank Polska

On February 28, 2023 (event after balance sheet date), Dekpol Budownictwo Sp. z o.o. entered into a multi-line agreement with Santander Bank Polska S.A. Under the agreement, the subsidiary company is entitled to utilize, within a limit of PLN 55 million, a bank overdraft facility and provide bank guarantees. The limit is available until February 14, 2024.

Annex to the bank overdraft facility agreement with PKO BP S.A.

On April 18, 2023 (event after balance sheet date), Intek Sp. z o.o. entered into an annex to the 2021 agreement for a multicurrency credit limit with Bank Powszechna Kasa Opieki Bank Polski S.A. According to the annex to the agreement, the subsidiary company is authorized to utilize the bank overdraft facility and provide bank guarantees up to the amount of PLN 7 million. The limit is available until April 27, 2024.

Annex to the bank overdraft facility agreement with PKO BP S.A.

On April 18, 2023 (event after balance sheet date), Betpref Sp. z o.o. entered into an annex to the 2022 agreement for a bank overdraft facility with Bank Powszechna Kasa Opieki Bank Polski S.A. According to the annex to the agreement, the subsidiary company is authorized to utilize the bank overdraft facility up to the amount of PLN 5 million. The limit is available until April 19, 2025.

11.3. Liabilities by payment terms in reporting period

Description	Overdue	Uo to 1 month	1-3 months	over 3 months up to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term derivative liabilities	0	0	0	0	0	0	0	0
Long-term bonds	0	0	0	0	98 135	63 220	0	161 355
Long-term borrowings	0	0	0	0	0	0	0	0
Long-term loans	0	0	0	0	2 171	5 020	17 132	24 323
Long-term leases	351	0	0	0	7 011	3 371	1 049	11 782
Short-term derivative liabilities	0	0	0	0	0	0	0	0
Short-term leases	244	481	930	4 934	0	0	0	6 589
Short-term bonds	0	0	525	50 751	0	0	0	51 276
Short-term borrowings	0	0	4 006	0	0	0	0	4 006
Short-term loans	0	8 663	12 116	48 585	0	0	0	69 364
Financial liabilities - due	595	9 144	17 577	104 270	107 317	71 611	18 181	328 695

11.4. Liabilities by payment terms in previous reporting period

Description	Overdue	Uo to 1 month	1-3 months	over 3 months up to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term derivative liabilities	0	0	0	0	0	0	0	0
Long-term bonds	0	0	0	0	12 500	183 576	0	196 076
Long-term borrowings	0	0	0	0	0	0	0	0
Long-term loans	0	0	0	0	4 239	0	0	4 239
Long-term leases	0	0	0	0	2 694	3 131	0	5 824
Short-term derivative liabilities	0	0	0	7 214	0	0	0	7 214
Short-term leases	0	0	0	4 537	0	0	0	4 537
Short-term bonds	0	0	0	9 000	0	0	0	9 000
Short-term borrowings	0	0	0	0	0	0	0	0
Short-term loans	0	0	0	104 786	0	0	0	104 786
Financial liabilities - due	0	0	0	125 537	19 433	186 706	0	331 676

12. Trade liabilities

12.1. Long-term liabilities

Description	31.12.2022	31.12.2021
Deposits received	43 560	29 809
Other liabilities (long-term)	0	0
Other long-term liabilities	43 560	29 809
Long-term deferred charges	0	0
Liabilities from deliveries and services and other long-term liabilities	43 560	29 809

12.2. Short-term liabilities

Description	31.12.2022	31.12.2021
Liabilities from deliveries and services	204 593	328 261
Prepayments and advances received for deliveries	171 585	104 905
Short-term deposits received	25 086	22 323
Other taxes, duties and social security liabilities	15 753	22 655
Payroll liabilities	4 859	4 070
Other short-term liabilities	303	3 296
Trade payables and other payables	422 179	485 509
Deferred income	12 832	4 152
Liabilities from deliveries and services and other short-term liabilities	435 012	489 662

12.3. Liabilities by payment term in reporting period

Description	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term deposits received	0	300	564	486	894	29 163	828	11 325	43 560
Other long-term liabilities – other titles	0	0	0	0	0	0	0	0	0
Long-term liabilities	0	300	564	486	894	29 163	828	11 325	43 560
Trade liabilities	85 705	76 588	42 300	0	0	0	0	0	204 593
Prepayments and deposits received for supplies	76	130 612	218	40 679	0	0	0	0	171 585
Short-term received bails	16 896	757	3 808	2 664	961	0	0	0	25 086
Liabilities due to other taxes	718	13 641	702	417	275	0	0	0	15 753
Liabilities due to remunerations	464	4 395	0	0	0	0	0	0	4 859
Other short-term liabilities	66	228	0	0	9	0	0	0	303
Short-term liabilities	103 925	226 221	47 028	43 760	1 245	0	0	0	422 179

12.4. Liabilities by payment term in previous reporting period

Description	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term deposits received	7	0	0	0	0	2 222	18 312	9 267	29 809
Other long-term liabilities – other titles	0	0	0	0	0	0	0	0	0
Long-term liabilities	7	0	0	0	0	2 222	18 312	9 267	29 809
Trade liabilities	128 767	137 937	34 361	20 220	6 875	101	0	0	328 260
Prepayments and deposits received for supplies	333	20 582	256	0	83 734	0	0	0	104 905
Short-term received bails	13 914	217	2 088	3 895	2 209	0	0	0	22 323
Liabilities due to other taxes	0	19 982	286	429	850	1 108	0	0	22 657
Liabilities due to remunerations	0	4 070	0	0	0	0	0	0	4 070
Other short-term liabilities	0	2 380	177	500	239	0	0	0	3 296
Short-term liabilities	143 014	185 167	37 168	25 044	93 907	1 209	0	0	485 509

12.5. Overdue liabilities in reporting period

Description	Non-overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 year	Total
Trade liabilities	118 888	62 290	16 731	1 204	4 770	710	204 593
Prepayments and deposits received for supplies	171 509	76	0	0	0	0	171 585
Short-term received bails	8 190	838	1 580	2 181	3 493	8 804	25 086
Liabilities due to other taxes	15 035	718	0	0	0	0	15 753
Liabilities due to remunerations	4 395	464	0	0	0	0	4 859
Other short-term liabilities	237	62	4	0	0	0	303
Short-term liabilities	318 254	64 448	18 315	3 385	8 263	9 514	422 179

12.6. Overdue liabilities in previous reporting period

Description	Non-overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 year	Total
Trade liabilities	199 494	86 498	30 873	7 769	2 791	835	328 261
Prepayments and deposits received for supplies	104 572	0	0	0	333	0	104 905
Short-term received bails	8 409	1 388	924	1 029	4 371	6 201	22 323
Liabilities due to other taxes	22 655	0	0	0	0	0	22 655
Liabilities due to remunerations	4 070	0	0	0	0	0	4 070
Other short-term liabilities	3 296	0	0	0	0	0	3 296
Short-term liabilities	342 496	87 887	31 798	8 798	7 494	7 036	485 509

12.7. Specification of deferred income in reporting period

Description	Short-term	Long-term	Total
Grants received	357	3 279	3 636
Deferred charges	0	9 196	9 196
Other charges	0	0	0
Liabilities – deferred charges in total	357	12 476	12 832

12.8. Specification of deferred income in previous reporting period

Description	Short-term	Long-term	Total
Grants received	857	3 175	4 031
Deferred charges	0	0	0
Other charges	121	0	121
Liabilities – deferred charges in total	978	3 175	4 152

13. Lease

Leases – The company as a lessor

The group acts as a lessor in the scope of property lease agreements, particularly in the case of the Almond Hotel property. The leasing of this property is of an operational nature. Regarding the properties subject to operational lease agreements, the Company retains full ownership rights while granting the right to use the properties to tenants under the terms specified in the agreements. Additionally, the Company possesses investment properties that are not subject to operational lease agreements, presented as "non-leased land." The Company is not a lessor in the context of financial lease agreement.

Specification of revenues from operating lease agreements:

Data in thousand PLN	2022	2021
Operating lease income	2 045	2 103
- including floating lease payments that are not index or rate dependent	0	0

Specification of future, fixed lease payments resulting from the concluded operating lease agreements (without variable payments) - resulting from the Almond hotel rental agreement.

Data in thousand PLN	2023	2024	2025	2026	2027	2028	The following years until 2033
Undiscounted lease payments to be received in the following years	2 922	3 736	3 830	3 926	4 024	4 125	18 722

Leases – The company as a lessee

The assets subject to leasing agreements are used in the Company's operational activities. The Company applies simplifications regarding short-term lease agreements (up to 12 months) and leases of low value (lease asset value below PLN 4,000), not recognizing them as rights to use assets. Such leases are not significant to the Company's operations.

During the historical period covered by the data, the Company was not a party to sale-leaseback or sublease agreements, and variable lease payments did not occur.

The leasing agreements do not include options for extension or termination, residual value guarantees, or covenants. There was one non-commenced lease agreement, for which the Company would have been the lessee.

Additional disclosures regarding leases are presented below:

Data in thousand PLN	2022	2021
Machines and devices (net)	4 761	4 935
Other fixed assets (net)	708	1 094
Means of transport (net)	7 460	7 331
Depreciation of the right to use assets	2 441	2 839
Increases in the rights to use assets during the period	9 009	6 451
Interest costs on lease liabilities	678	211

As at the balance sheet date, the Group has balances for short-term leasing in the amount of PLN 6.557 t thousand and for the long-term in the amount of PLN 11.814 thousand.

14. Operating revenues and costs

14.1. Sales revenues

Description	01.01.-31.12.2022	01.01.-31.12.2021
Revenues from sales of products	1 307 680	1 223 163
Revenues from sales of services	8 609	6 934
Revenues from sales of goods and materials	70 560	25 686
Sales revenues	1 386 848	1 255 783

14.2. Costs by type

Description	01.01.-31.12.2022	01.01.-31.12.2021
Cost of goods and materials sold	63 823	20 116
Remuneration	78 819	49 733
Depreciation	15 519	11 889
Employee benefits	18 561	12 166
Consumption of materials and energy	482 051	393 698
Outsourced services	683 775	629 058
Taxes and fees	5 516	4 356
Other costs by type	14 102	12 755
Costs by type	1 362 167	1 133 771
Administrative expenses	-38 752	-31 308
Selling costs	-45 272	-33 913
Own work capitalized	1 689	64 192
Movements in the balance of products	-97 445	-42 618
Own selling cost	1 182 386	1 090 125

14.3. Own selling cost

Description	01.01.-31.12.2022	01.01.-31.12.2021
Cost of product sold	1 104 108	1 066 728
Cost of services sold	14 454	3 281
Cost of goods and materials sold	63 823	20 116
Own selling cost	1 182 386	1 090 125

14.4. Other operating revenues

Description	01.01.-31.12.2022	01.01.-31.12.2021
Profit on disposal of non-financial fixed assets	770	221
Re-invoices	0	0
Pricing of investment properties to its fair value	510	392
Release of provisions	7	77
Fines and compensations	4 203	1 974
Grants	705	1 735
Overdue liabilities	0	0
Scrap yield	0	0
Bonus from turnover	0	0

Surplus stock	127	947
Write-offs for inventories reversal in period (-)	285	0
Impairment write-offs on receivables reversal in period (-)	4 599	2 566
Profit from a bargain purchase	7 076	20 229
Other titles	1 334	2 164
Other operating revenues	19 616	30 304

14.5. Other operating costs

Description	01.01.-31.12.2022	01.01.-31.12.2021
Write-offs for inventories creation in period	1 067	173
Pricing of investment properties to its fair value	0	800
Establishment of provisions	1 941	424
Cost related to acquisition of subsidiaries	0	0
Cost of defects repairs and scrap page	221	26
Donations	411	471
Handover of a road investment	990	2 072
Inventory deficits	715	625
Receivables	20	1 621
Contractual penalties	188	51
Material losses	2	15
Court litigation costs	0	161
Re-invoicing costs	0	0
Compensations	3 576	643
Write-offs for inventories creation in period	8 018	6 035
Loss on disposal of non-financial fixed assets	86	39
Other titles	2 740	4 598
Other operating costs	19 977	17 754

15. Financial revenues and expenses

15.1. Financial revenues

Description	01.01.-31.12.2022	01.01.-31.12.2021
Interests	809	2 340
Profit from sale of financial assets	0	0
Dividends	0	0
Reversal of write-offs	0	0

Other financial revenues	4 297	12
Surplus of positive exchange differences over the negative ones	4 122	1
Pricing of financial instruments at fair value	4 369	179
Financial revenues	13 597	2 532

15.2. Financial expenses

Description	01.01.-31.12.2022	01.01.-31.12.2021
Other financial costs	8 651	340
Interests	25 728	17 692
Write-offs	0	1 686
Loss from sale of financial assets	0	0
Surplus of negative exchange differences over the positive ones	1 136	3 433
Pricing of financial instruments at fair value	245	4 419
Financial expenses	35 760	27 568

16. Income tax

16.1. Income tax

Description	01.01.-31.12.2022	01.01.-31.12.2021
Current income tax	34 970	11 006
Deferred income tax	-15 992	2 906
Income tax	18 978	13 912

16.2. Effective taxation rate

Description	01.01.-31.12.2022	01.01.-31.12.2021
Current income tax for previous periods included in financial result	-28	0
Profit (loss) before tax	90 838	89 638
Probable income tax	16 179	17 031
Fees for PFRON	16	118
Dividends	0	-5 291
Representation costs	284	46
Costs of penalties and mandates	407	114
Other costs	1 254	1 894
Reconciliation of differences that permanently do not constitute tax deductible costs	1 961	-3 119
Income tax not included in the asset and reserve for deferred income tax	-5 330	0
Deduction of income	6 196	0
<i>Income tax recognized in financial result</i>	<i>18 978</i>	<i>13 912</i>

17. Deferred income tax

17.1. Deferred income tax

Description	01.01.-31.12.2022	01.01.-31.12.2021
Assets and provisions due to deferred income tax per balance at the beginning of the period	14 219	3 618
Other comprehensive income (+/-)	1 787	1 143
Accounting for a business combination	0	0
Financial result (+/-)	-15 992	9 457
Other (including net exchange differences on translation)	4 562	0
Assets and provisions due to deferred income tax per balance at the end of the period	4 576	14 218
Assets due to deferred income tax	24 055	31 757
Provision due to deferred income tax	28 631	45 975

17.2. Deferred income tax assets in reporting period

Description	Balance at the beginning of period	Financial result	Other comprehensive income	settlement of the connection	other changes	Total
Pricing of liabilities in revised purchase price	10	-10	0	0	0	0
Assets write-offs	2 648	422	0	0	0	3 070
Other titles as a basis for establishment of assets for deferred income tax	4 930	-371	-518	0	0	4 041
Provisions for employee benefits	683	454	0	0	0	1 136
Other provisions	14 704	1 102	0	0	0	15 807
Other liabilities	0	0	0	0	0	0
Deferred income tax assets	22 974	1 598	-518	0	0	24 055

17.3 Deferred income tax assets in previous reporting period

Description	Balance at the beginning of period	Financial result	Other comprehensive income	settlement of the connection	other changes	Total
Pricing of liabilities in revised purchase price	0	8 580	0	0	0	8 580
Assets write-offs	2 072	1 458	-340	0	0	3 190
Other titles as a basis for establishment of assets for deferred income tax	5 190	4 027	-1 157	-1 502	0	6 559
Provisions for employee benefits	751	257	0	0	0	1 008
Other provisions	20 113	1 888	0	-9 582	0	12 420
Other liabilities	0	0	0	0	0	0
Deferred income tax assets	28 126	16 210	-1 497	-11 083	0	31 757

17.4. Deferred income tax provisions in reporting period

Description	Balance at the beginning of period	Financial result	Other comprehensive income	settlement of the connection	other changes	Total
Deferred tax from pricing of investment property	5 842	235	0	0	0	6 076
Depreciation of fixed assets	1 237	-502	0	3 559	0	4 294
Inventories	0	0	0	0	0	0
Trade receivables	245	-124	0	0	0	121
Construction contracts	6 923	-8 502	0	0	1 579	0
Other titles as a basis for establishment of assets for deferred income tax	9 695	-10 849	0	0	3 957	2 803
Liabilities due to employee benefits	1 042	0	0	0	0	1 042
Provisions for employee benefits	83	0	0	0	0	83
Other provisions	11 548	0	0	0	0	11 548
Pricing of liabilities in revised purchase price	496	184	0	0	0	680
Overestimation of financial assets (positive differences)	374	-26	1 636	0	0	1 984
Deferred income tax provision	37 483	-19 584	1 636	3 559	5 536	28 631

17.5. Deferred income tax provisions in previous reporting period

Description	Balance at the beginning of period	Financial result	Other comprehensive income	settlement of the connection	other changes	Total
Deferred tax from pricing of investment property	9 317	-3 475	0	0	0	5 842
Depreciation of fixed assets	1 405	186	-354	0	0	1 237
Inventories	869	-625	0	0	0	244
Trade receivables	5 910	9 504	0	0	0	15 414
Construction contracts	1 787	7 908	0	0	0	9 695
Other titles as a basis for establishment of assets for deferred income tax	0	1 042	0	0	0	1 042
Liabilities due to employee benefits	0	83	0	0	0	83
Provisions for employee benefits	0	11 548	0	0	0	11 548
Other provisions	21	475	0	0	0	496
Pricing of liabilities in revised purchase price	417	-43	0	0	0	374
Overestimation of financial assets (positive differences)	19 726	26 603	-354	0	0	45 975

18. Financial instruments

18.1. Financial instruments – assets

Description	31.12.2022	31.12.2021
Long-term receivables	17 437	73 333
Trade and other short-term receivables	414 078	466 862
Loans and receivables	4 544	4 216
Other financial assets	17 887	4 281
- Other long-term financial assets	4 281	4 281
- Other short-term financial assets	13 606	0
Stocks and shares in entities	40	376 490
Cash and cash equivalents	229 458	190 627
Financial assets	683 445	1 115 810

18.2. Financial instruments – liabilities

Description	31.12.2022	31.12.2021
Liabilities evaluated at depreciated cost	792 476	839 780
Liabilities evaluated at fair value through financial result	0	0
Financial liabilities	792 476	839 780

19. Risks of financial instruments

19.1. Exposure to FX risk in reporting period

Description	PLN	EUR	Other	Total
Stocks and shares	40	0	0	40
Loans and own receivables (valued in the APP)	4 544	0	0	4 544
Trade receivables and other financial receivables	198 721	235 713	0	434 434
Other financial assets	17 887	0	0	17 887
Cash and cash equivalents	153 898	75 555	5	229 458
Derivatives	0	0	0	0
Financial assets (+):	375 091	311 268	5	686 364
Loans, borrowings and other debt instruments	243 365	65 001	0	308 366
Financial lease	14 089	4 283	0	18 371
Trade liabilities and other financial liabilities	446 658	19 035	46	465 739

Derivatives	0	0	0	0
Financial liabilities (-):	704 112	88 318	46	792 476

If, as of December 31, 2022, the EUR exchange rate were higher or lower by 3%, financial assets would be higher or lower by PLN 9,338,000, and financial liabilities would be higher or lower by PLN 2,650,000, due to negative or positive exchange rate differences resulting from the conversion of receivables, loans granted, funds held in bank accounts, and trade payables. It is made in order to mitigate the risk of currency fluctuations, currency settlements related to export sales and import purchases.

19.2. Exposure to FX risk in previous reporting period

Description	PLN	EUR	Other	Total
Stocks and shares	0	0	0	0
Loans and own receivables (valued in the APP)	4 216	0	0	4 216
Trade receivables and other financial receivables	177 264	336 450	83	513 797
Other financial assets	4 281	0	0	4 281
Cash and cash equivalents	185 788	4 820	19	190 627
Derivatives	0	0	0	0
Financial assets (+):	371 549	341 270	102	712 921
Loans, borrowings and other debt instruments	314 101	0	0	314 101
Financial lease	10 361	0	0	10 361
Trade liabilities and other financial liabilities	467 432	21 882	348	489 662
Derivatives	0	0	0	0
Financial liabilities (-):	791 894	21 882	348	814 124

19.3. Exposure to interest rate risk in reporting period

Description	Variable interest rate	Fixed interest rate	Total
Long-term financial liabilities (evaluated in APP)	161 666	35 071	196 736
Short-term financial liabilities (evaluated in APP)	127 005	2 995	130 001
Own loans and own receivables (evaluated in APP)	-12 712	17 256	4 544

Increasing the variable base rate by 0.5 percentage points would result in an increase in financial costs of approximately PLN 1,443,000, assuming that the balance of liabilities based on the variable interest rate remains unchanged throughout the entire fiscal year.

19.4. Exposure to interest rate risk in previous reporting period

Description	Variable interest rate	Fixed interest rate	Total
-------------	------------------------	---------------------	-------

Long-term financial liabilities (evaluated in APP)	190 489	16 650	206 139
Short-term financial liabilities (evaluated in APP)	117 707	616	118 323
Own loans and own receivables (evaluated in APP)	8 947	0	8 497

19.5. Result of implementation of accounting policy

The company applied hedge accounting during the reporting period. As a result of measuring the effectiveness of the hedge, a portion of the effective hedge with a gross value of PLN 9,859,000 was presented in the capital from revaluation update with a net value of PLN 7,577,000, as well as the effective part of the hedge that was in previous period recognized in the amount of 4,368,000 PLN and recognized in financial result of current period (financial revenue).

	31.12.2022	31.12.2021
Equity	479 325	387 268
Share capital	8 363	8 363
Capital from sales of shares over its nominal value	26 309	26 309
Other reserves from valuation /derivative instruments/	7 577	-2 305
Own shares (-)	0	0
FX exchanges from conversion	-5	-3
Non-controlling shares	18 924	18 679
Reserves	0	0
Retained earnings:	418 157	336 225

20. Operating segments

20.1. Revenues, result and other in reporting period

Description	General contracting	Property development	Production of steel structures and accessories	Other	Total
Sales revenues in total	1 001 546	183 802	157 404	44 096	1 386 848
Other operating revenues	0	0	0	19 616	19 616
Other operating expenses	0	0	0	19 977	19 977
Operating expenses in total	929 930	142 978	147 635	45 895	1 266 438
Operating result	71 616	40 824	9 769	-2 160	120 049
Financial revenues	0	0	0	13 597	13 597
Financial expenses	0	0	0	35 760	35 760
Income tax	0	0	0	18 978	18 978
Net result	71 616	40 824	9 769	-43 301	78 908

20.2. Revenues, result and other in previous reporting period

Description	General contracting	Property development	Production of steel structures and accessories	Other	Total
Sales revenues in total	849 764	253 860	120 349	31 810	1 255 783
Other operating revenues	0	0	0	30 304	30 304
Other operating expenses	0	0	0	17 754	17 754
Operating expenses in total	800 115	204 581	107 729	42 921	1 155 346
Operating result	49 648	49 279	12 620	1 440	112 988
Financial revenues	0	0	0	2 532	2 532
Financial expenses	0	0	0	25 883	25 883
Income tax	0	0	0	13 912	13 912
Net result	49 648	49 279	12 620	-35 823	75 726

The Group does not present the total assets and total liabilities for each reporting segment because these amounts are not regularly provided to the Management Board.

The revenue from sales transactions with one external customer (Customer 1) represents approximately 13% of the total group revenue. This revenue does not refer to the general contracting segment.

20.3. Geographical structure

Description	31.12.2022	31.12.2021
Poland	1 129 528	1 146 689
European Union	219 217	83 031
Other countries	38 103	26 063
Sales revenues	1 386 848	1 255 783
Poland	1 383 473	1 316 379
European Union	8 058	32 771
Other countries	6 677	7 999
Assets	1 398 208	1 357 149

21. Construction services

21.1. Agreements for construction services

Description	31.12.2022	31.12.2021
Revenues from construction contracts recognized in the period	891 221	1 042 339
The costs of construction contracts incurred during the period	873 924	969 261
Costs due to loss provisions	0	0
Result set in agreements on construction services in a period	17 297	73 078
Bail stopped by contractors	57 353	40 059
Advances received for construction contracts	40 679	59 239
Receivables from construction contracts	0	126 486
Liabilities due to construction contracts	12 795	0

Construction contracts are financially settled with investors in the following manner:

- during the progress of work - partially in accordance with the work progress, based on settlement documents confirming the completion of specific tasks and other contractual obligations, including interim payment certificates, partial acceptance protocols - partial invoice, and
- after the completion of work - based on final documents such as final acceptance protocols, confirming the completion of the works and fulfillment of contractual obligations required for final settlement - final invoice.

Payment terms for construction services provided by the Company are usually set for 30 days, with the exception that for some contracts, the Company receives financing in the form of advance payments before commencing the work, which are settled progressively through partial invoices and a final invoice.

The “*per saldo*” value of liabilities arising from construction service contracts amounts to 12,795 and is presented in financial statement - liabilities section, under the position of liabilities from contracts with clients.

Active contracts cumulatively until the balance sheet date

Assets under construction contracts	01.01.-31.12.2022	01.01.-31.12.2021
Balance at the beginning of the period	81 447	39 517
Loss of value	0	0
Valuation adjustments	0	0
Transfer to receivables (invoicing)	-81 447	-39 517
Valuation at the end of the period	78 252	81 447
Balance at the end of the period	78 252	81 447
Liabilities under construction contracts	01.01.-31.12.2022	01.01.-31.12.2021
Balance at the beginning of the period	0	0
Valuation adjustments	0	0
Transfer to revenues (execution)	0	0
Valuation at the end of the period	91 047	0
Balance at the end of the period	910 47	0
Other liabilities due to contracts with clients	01.01.-31.12.2022	01.01.-31.12.2021
Balance at the beginning of the period	111 443	81 123
Advances paid	387 421	144 747
Transfer to revenues (execution)	-324 971	-111 707
Valuation at the end of the period	0	0
Balance at the end of the period	173 892	114 163
Total transaction price allocated to benefits that were not met	01.01.-31.12.2022	01.01.-31.12.2021
Other	0	0
Sale of premises	192 363	160 382
Construction contracts	662 998	792 492

The company estimates that all contracts concluded in 2022 will be settled no later than in the years 2023-2025.

22. Transactions with affiliates

22.1. Personal connections

Personal connections with other companies, in which Mr. Mariusz Tuchlin (serving as the President of Management Board of the Issuer and the main shareholder) holds a significant share, as of the date of publication of this report:

Company's name	KRS	Nature of connection	Information about the company
City Apart Management Sp. z o.o.	0000300191	- 98% of shares belong to Mariusz Tuchlin, 98% of votes, 2% of shares and votes belongs to City Apart Management Sol Marina Sp. z o.o.	The company operates in the hotel industry
Grano Group Sp. z o.o.	0000629533	- 95% of the shares are owned by Mariusz Tuchlin	The company operated as central companies and holdings, with the exception of financial holdings - an entity that also collects shares in companies operating in the hotel industry
OMT Serwis Mariusz Tuchlin Sp. j.	0000893460	- Mariusz Tuchlin holds a 90% shares in the profits and losses of the Company, he is also a partner authorized to represent it	The company operates in the field of passenger and delivery vehicle rental, as well as construction machinery and equipment
City Apart Management Sol Marina Sp. z o.o.	0000711010	- 100% of shares and votes belong to Grano Group Sp. z o.o.,	The company will operate in the hotel industry
City Hotel Management Sp. z o.o.	0000589930	- 100% of the shares belong to Grano Group Sp. z o.o.	The company operates in the hotel industry
OMT Holding Sp. z o.o.	0000852695	- 95% of shares and votes belong to Mariusz Tuchlin (President of the Management Board of the Company)	The company operates as central companies and holding companies, with the exception of financial holdings
OMT Nieruchomości Sp. z o.o.	0000849933	- 90% of shares and votes belong to Mariusz Tuchlin (President of the Management Board of the Company)	The company operates as central companies and holding companies, with the exception of financial holdings
City Apart Management Pszenna Sp. z o.o.	0000710859	- 90% of shares and votes belong to Mariusz Tuchlin (proxy in the Company), 90% of votes	The company operates as central companies and holding companies, with the exception of financial holdings
CAM Pszenna Sp. z o.o. (formerly, until 1.12.2022: City Apart Management Pszenna Sp. z o.o. Sp. K.	0001004553	- 99,6 % shares and votes belong to Grano Group Sp. z o.o.	The company operates in the hotel industry
Flats For Rent Sp. z o.o.	0000750704	- 100% of shares and votes belong to Mariusz Tuchlin	The company operates as central companies and holding companies, with the exception of financial holdings
Flats For Rent Sp. z o.o. Sp. K. - the company was dissolved by a resolution of the shareholders of 30 th of December 2021, the deletion from the National Court Register took place on 11 th of February 2022 (an event after the balance sheet date)	0000751229	- Mariusz Tuchlin had a 99% share in the company's profits and losses	The company was active in the field of real estate management and real estate rental

22.2. Benefits for managerial staff

Description	31.12.2022	31.12.2021
Short-term employee benefits	1 090	983
Benefits from termination of work agreements	0	0
Payments in form of own shares	0	0
Other benefits	23	208
Benefits for managerial staff	1 113	1 191

22.3. Transactions and balances with affiliates in reporting period

Description	Consolidated	Subsidiary not consolidated	Associated and interdependent	Other affiliated	Total
Net purchases (without VAT)	0	0	0	3	3
Revenue from interest	0	0	0	328	328
Net sales (without VAT)	0	0	0	1 185	1 185
Cost of interest	0	0	0	815	815
Loans received	0	0	0	2 048	2 048
Loans granted	0	0	0	4 544	4 544
Short-term receivables	0	0	0	117	117
Long-term receivables	0	0	0	0	0
Short-term liabilities	0	0	0	649	649
Long-term liabilities	0	0	0	0	0
Dividends granted	0	0	0	0	0
Dividends paid	0	0	0	0	0

22.4. Transactions and balances with affiliates in previous reporting period

Description	Consolidated	Subsidiary not consolidated	Associated and interdependent	Other affiliated	Total
Net purchases (without VAT)	0	0	0	45	45
Revenue from interest	0	0	0	0	0
Net sales (without VAT)	0	0	0	9 047	9 047
Cost of interest	0	0	0	0	0
Loans received	0	0	0	0	0
Loans granted	0	0	4 216	0	4 216
Short-term receivables	0	0	0	174	174
Long-term receivables	0	0	0	5 226	5 226
Short-term liabilities	0	0	0	0	0

Long-term liabilities	0	0	0	0	0
Dividends granted	0	0	0	0	0
Dividends paid	0	0	0	0	0

23. Other information

23.1. Average number of FTE's

Description	31.12.2022	31.12.2021
White-collar employees	459	354
Blue-collar employees	480	432
Average number of FTE's	938	786

* The change mainly results from the acquisition of Kombet company.

The issuer also informs that as of December 31, 2022, the total employment level in Dekpol S.A. and its directly and indirectly subsidiary companies amounted to:

- Dekpol S.A. – 98 persons,
- Dekpol Budownictwo Sp. z o.o. - 234 persons,
- Dekpol Deweloper Sp. z o.o. – 33 persons,
- Dekpol Steel Sp. z o.o. – 198 persons,
- Betpref Sp. z o.o. – 88 persons,
- Intek Sp. z o.o. – 171 persons,
- Kombet Działdowo Sp. z o.o. - 76 persons.

23.2. Auditor's remuneration

Description	31.12.2022	31.12.2021
Audit of annual financial statements	94	79
Review of financial statements	55	42
Tax advisory	0	0
Other services	0	0
Auditor's remuneration in total	149	121

24. Events after balance sheet date

Conclusion of a preliminary agreement for the acquisition of a land property in Wiślinka

On January 13, 2023 (event after balance sheet date), Dekpol Inwestycje - Sol Marina II Sp. z o.o. (Buyer) entered into a preliminary agreement with an entity outside the Dekpol Capital Group (Seller) for the acquisition of a land property of approximately 9 hectares located in the village of Wiślinka, municipality Pruszcz Gdański, along with project documentation. Under the preliminary agreement, the parties have committed to concluding a definitive purchase agreement for the property by July 2025, with the possibility of partial acquisitions before the aforementioned deadline. The Seller has granted the Buyer permission to use the property for construction purposes and to transfer the existing permits and approvals to the Buyer. The net purchase price of the property will amount to approximately 18% of the Issuer's equity at the end of 2022. The provisions of the preliminary agreement, including the right of withdrawal, are in line with commonly used provisions in such transactions. The acquired property is adjacent to another land property owned by the Dekpol Capital Group, where the Sol Marina development project (stages I-III) is being implemented. The purpose of acquiring the property is to carry out the subsequent stages of the above mentioned investment.

About conclusion of the above mentioned agreement, the Company announced in current report no. 2/2023 dateds January 13, 2023.

Signing an annex to the contract for the construction of warehouse halls in Koszalin

On January 20, 2023 (event after balance sheet date), Dekpol Budownictwo Sp. z o.o. (Contractor) received a mutually signed annex to the agreement concluded in October 2021 with Panattoni Development Europe Sp. z o.o. - Accolade PL XXV Sp. z o.o. (Ordering Party) for construction works involving the construction of warehouse halls with accompanying infrastructure in Koszalin. Originally, the contract included the construction of two warehouse halls with a total area of approximately 26.4 thousand m², for a net remuneration equivalent to approximately 2.6% of sales revenues of the Dekpol Capital Group for the year 2022. Under the annex, the Ordering Party commissioned the Contractor to carry out an additional part of one of the aforementioned halls with an area of approximately 29.2 thousand m², along with the necessary infrastructure, as well as additional improvement works on the halls, resulting in an increase in the net remuneration for implementation of the agreement to a total of over 9.9% of sales revenues of the Dekpol Capital Group for the year 2022 (values converted according to the euro exchange rate on the date of signing the annex). The work on the first hall was completed in 2022, while the construction of the second hall, along with the works commissioned by the annex, according to the provisions of the annex, should be completed in the first quarter of 2023. Currently, the parties are in the process of processing the annex to the contract, which changes the value of remuneration and extends the deadlines for completing the works. The contract includes provisions regarding contractual penalties for delays in the implementation of works or the rectification of defects, as well as a contractual penalty of 10% of the remuneration for the termination of the contract by the Ordering Party due to the fault of the Contractor. The total amount of contractual penalties may not exceed 10% of the contractual remuneration.

About conclusion of the above mentioned annex to the agreement, the Company announced in current report no. 5/2023 dateds January 20, 2023.

Purchase of a land property in Sopot

On January 30, 2023 (event after balance sheet date), Dekpol Inwestycje Sopocka Sp. z o.o. (Company) entered into a preliminary agreement to purchase a land property measuring 0.4752 hectares in Sopot for purpose of the bank of land. The purchase price of the property is not significant in terms of financial position and results of the Dekpol Group.

Conclusion of a general contracting agreement for a production facility in the Pomeranian Voivodeship

On February 15, 2023 (event after balance sheet date), Dekpol Budownictwo Sp. z o.o. (Contractor) entered into a general contracting agreement with a third party (Ordering Party) for the construction of a production facility with an area of approximately 15,000 m², including necessary accompanying infrastructure, in the Pomeranian Voivodeship. Under the agreement, the Contractor will prepare all necessary executive documentation, carry out construction works, and obtain all required permits, including the occupancy permit for the Investment. The net compensation for the services covered by the agreement is

set at approximately 10% of the sales revenue of the Dekpol Capital Group for the year 2022. The completion deadline for the execution of the subject matter of the agreement has been specified as the first quarter of 2024. The agreement includes provisions regarding contractual penalties, such as in the case of delays in the execution of the Investment or termination of the agreement due to reasons attributable to the Contractor. The maximum amount of contractual penalties cannot exceed 12% of the compensation. The Ordering Party is entitled to claim additional compensation in the event of damages exceeding the amount of the contractual penalty. The Ordering Party has the right to terminate the agreement without giving any reasons during its term, but no later than the end of 2023 and no later than the date of the final acceptance - in such a case, the Contractor will receive compensation proportional to the progress of the works.

About conclusion of the above mentioned agreement, the Company announced in current report no. 6/2023 dateds February 15, 2023.

Preliminary agreement for the purchase of land property in Gdańsk Sobieszewo

On March 3, 2023 (event after balance sheet date), Dekpol Inwestycje - Turystyczna Sp. z o.o. (Buyer) entered into a preliminary agreement with an entity outside the Dekpol Capital Group (Seller) for the purchase of a plot of land measuring approximately 3 hectares located in the Municipality of Gdańsk, evidence number Sobieszewo. The preliminary agreement includes the necessary conditions to be fulfilled for conclusion of the promised agreement. The execution of the promised agreement and the transfer of ownership of the land property are planned for the second quarter of 2023, according to current estimates. If the promised agreement is concluded, the acquisition of the land will serve the future realization of a property development project in that location.

Conclusion of a general contracting agreement for a commercial object in Koszalin

On March 21, 2023 (event after balance sheet date), Dekpol Budownictwo Sp. z o.o. (Contractor) entered into an agreement with a third party (Ordering Party) for general contracting of a commercial object with an area of approximately 10,000 square meters, including the necessary accompanying infrastructure, such as access road, in Koszalin. As a part of the project, the Contractor will prepare the necessary construction documentation, carry out the construction works, and obtain the required permits, including the occupancy permit for the project. The net remuneration for all works related to the project is set at approximately 4.4% of the Dekpol Group's sales revenue for the year 2022. The completion deadline for the project has been set for the first quarter of 2024. The agreements related to the project include provisions regarding contractual penalties, including penalties for delays (not exceeding 10% of the remuneration value) and termination of the agreement due to reasons attributable to the Contractor (contractual penalty amounting to 15% of the remuneration value). The Ordering Party has the right to claim additional compensation in case of damages exceeding the amount of the contractual penalty.

About conclusion of the above mentioned agreement, the Company announced in current report no. 8/2023 dateds March 21, 2023.

Conclusion of a construction contract in the Silesian Voivodeship - delayed disclosure of confidential information

On March 1, 2023 (event after balance sheet date), Dekpol Budownictwo Sp. z o.o. (Contractor) entered into a construction contract with a third party (Ordering Party) for the general construction of a warehouse building with an area of approximately 120,000 m², including accompanying infrastructure, in the Silesian Voivodeship. The contract was concluded under the suspensive condition of the Ordering Party acquiring the rights to the property on which the investment is to be realized and acquiring the right to use the property for construction purposes. On March 22, 2023, the Contractor received information from the Ordering Party regarding the fulfillment of the suspensive condition, and as a result, the contract came into effect.

Under the contract, the Contractor will prepare the necessary construction documentation, carry out construction work, and obtain the required permits, including the permit for the use of the investment. The remuneration for the work covered by the contract is set at a net lump sum equivalent to approximately 20.4% of the sales revenue of the Dekpol Capital Group for the year 2022. The deadline for completing the project under the contract is set for the first half of 2024. The contract includes provisions regarding contractual penalties, including in the event of delays in the implementation of the investment or termination of the contract due to reasons attributable to the Contractor. The total amount of contractual penalties may not exceed 15% of the remuneration. The Ordering Party has the right to claim compensation under the general provisions of the Civil Code to the extent that the damage exceeds the amount of the stipulated contractual penalty.

About conclusion of the agreement, and than about fulfillment of a suspensive condition, the Company announced in current reports no. 9/2023 dateds March 21, 2023 and no. 10/2023 dated March 22, 2023.

Information about the sale of premises in the first quarter of 2023

The Management Board of Dekpol S.A. has provided preliminary information regarding the activities of the Dekpol Capital Group in the property development segment in the first quarter of 2023 (event after balance sheet date):

- number of sold units: 93 units compared to 70 units sold in the first quarter of 2022 (based on signed reservation, development and preliminary agreements),
- the number of units to be recognized in the financial results of the Group: 108 units compared to 73 units recognized in the first quarter of 2022.
- as of March 31, 2023, the total number of units offered for sale by the Group was 714 units.
- in the first quarter of 2023, the Group primarily conducted sales in the following developments:
- Grano Marina Hotel – a building with a total of 130 commercial units, located in Wiślinka near Sobieszewska Island, as part of the "Sol Marina Stage I" project
- Sol Marina stage II – a complex of 15 apartment buildings with a total of 127 commercial units, located in Wiślinka near Sobieszewska Island,
- Sol Marina stage III – a complex of 16 apartment buildings with a total of 140 commercial units, located in Wiślinka near Sobieszewska Island,
- Baltic Line – an apartment building with a total of 60 commercial units, located on Sobieszewska Island,
- Baltic Porto - an apartment building with a total of 72 commercial units, located on Sobieszewska Island,
- Osiedle Pastelowe stage IIa - 3 residential buildings with a total of 225 residential units, located in Gdańsk,
- Osiedle Pastelowe stage IIb - 2 residential buildings with a total of 125 residential units, located in Gdańsk,
- Neo Jasień stage I – 2 residential buildings with a total of 104 residential units, located in Gdańsk,
- Neo Jasień stage II – 2 residential buildings with a total of 98 residential units, located in Gdańsk,
- Trimare stage I – 9 residential buildings with a total of 189 residential units, located in Sztutowo,
- Osiedle Kociewskie stage II – 3 residential buildings with a total of 129 residential units, located in Rokitki near Tczew.

Additionally, the Company states that in the first quarter of 2023, final use permits were issued for:

- two multi-family residential buildings consisting of 86 units, part of the "Osiedle Kociewskie stage II" investment in Rokitki near Tczew. As of March 31, 2023, approximately 64% of the units have been sold,
- one apartment building consisting of 20 units, part of the "Baltic Line" investment in Gdańsk. As of March 31, 2023, 65% of the units have been sold,
- three residential buildings consisting of 63 units, part of the "Trimare Phase I" investment in Sztutowo. As of March 31, 2023, approximately 51% of the units have been sold.

The above information was provided by the Issuer in current report no. 11/2023 dated April 11, 2023.

II Bonds Issue Programme

On December 7, 2022, Management Board of Dekpol S.A. adopted a resolution on the Second Bonds Issue Programme with a total nominal value not exceeding PLN 150 million (PEO II). The PEO II established by Management Board came into effect together with the approval on April 24, 2023 (an event after balance sheet date) by the Polish Financial Supervision Authority (KNF) of the basic prospectus of the Second Bonds Issue Programme of Dekpol S.A. Under the PEO II, the Company may issue bonds in the manner specified in Article 33(1) of the Act of January 15, 2015 on bonds. Bonds with a total nominal value not exceeding PLN 150 million may be issued in one or more series within 12 months from the date of approval of the prospectus by the KNF. Bonds may be issued both as unsecured and secured bonds. The interest on bonds may be variable or fixed. The bond payments will be in cash only. The issuance of subsequent series of bonds will be made each time by a resolution of the Company's Management Board, which will specify the final Terms and Conditions of the issue of a given series, including in particular the currency of the bonds of a given series, the issue price, the unit and total nominal value of the bonds of a given series, the redemption date, the interest rate, the interest periods, and the rules for applying for the introduction of the bonds of a given series to trading on a regulated market or an alternative trading system Catalyst. As of the date of publication of this report, no bond issuances have taken place under the PEO III.

The armed conflict in Ukraine and its potential impact on the political and economic situation

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

In the area of workforce, the risk of the return of Ukrainian employees currently working in Poland to their home country is identified, which could affect the Issuer's Group through the risk of human resources occurring mainly in the Company's sub-contractors. In the opinion of the Company, the challenge in terms of the staff will be identified in the majority of construction and production companies on the Polish market.

As a result of the conflict in Ukraine, many countries around the world, including European countries, the USA, Canada, Australia and Japan, imposed financial and trade sanctions on Russia and partially on Belarus. Retaliatory sanctions are also being gradually imposed by the Russian Federation. As a result, trade with Russia, Belarus and Ukraine, which is at war, may collapse. According to Eurostat data, in 2021 the share of Russia, Ukraine and Belarus in Polish imports amounted to 5.7%, 1.5% and 0.5%, respectively. The main products imported from these countries are: wood, chemical products (Belarus), semi-finished iron and steel products (Ukraine), energy raw materials, steel, industrial metals (Russia). The breakdown in economic relations may result in short-term shortages of these products and / or a sharp rise in the prices of these goods. A large part of these products is used both in the Group's production activities and in the construction industry, including housing, which may have an impact on the increase of the Issuer's investment execution costs.

Moreover, the war may weaken the zloty, raise inflation and increase pressure on interest rate hikes. The situation on the banking and financial markets may have an impact on the Company's obtaining financing in future periods, and in the Company's opinion, the situation and sentiment in the financial markets will largely depend on the further development of the situation in Ukraine.

The factors described above may have an impact on the Group's development prospects, results and financial position. However, at the moment, it is not possible to predict the scale of this impact, which largely depends on the duration of the conflict and further developments in Ukraine and Central-Eastern Europe.

Impact related to an increase in interest rates

In the course of its business operations, the Group is exposed to interest rate risk. The favorable cost of capital (associated with low interest rates) that has been observed in the construction market in recent years has given way to higher interest rates. The cycle of interest rate hikes announced by the Monetary Policy Council (RPP) has resulted in the reference rate reaching 6.75% at the end of 2022. Consequently, this has had an impact on a significant decrease in the number of granted mortgage loans.

The condition of the Polish economy, as well as world markets, depends mainly on three mutually influencing elements, which are the levels of economic growth, interest rates and inflation.

Additionally, the tightening of money supply translates into credit conditions for businesses, and consequently, the need for thorough liquidity analysis. As a result, the inability to take on new obligations will contribute to a limitation in investment activity, as few companies are able to finance significant investments and development expenditures from their own funds. Banks will adopt a much more rigorous approach to assessing credit applications, which means that only the most well-prepared enterprises will have a chance to implement their investment projects.

25. Liabilities and conditional liabilities

25.1. Specification of liabilities and conditional assets

Opis	31.12.2022	31.12.2021
Conditional liabilities towards affiliates - guarantees of satisfactory performance of contracts	0	0
Conditional liabilities towards affiliates – guarantees and sureties of repayment of financial liabilities	0	0
Other conditional liabilities	0	0
Conditional liabilities towards affiliates	0	0
Granted guarantees of satisfactory performance of contracts - insurance	157 848	90 521
Granted guarantees of satisfactory performance of contracts - banking	64 471	28 811
Granted guarantees and sureties of repayment of financial liabilities	126	126
Court litigations	0	0
Other conditional liabilities	14 532	14 532
Conditional liabilities towards non-affiliates	236 976	133 990
Conditional liabilities	236 976	133 990
Received guarantees of satisfactory performance of contracts from affiliates	0	0
Received guarantees and sureties of repayment of liabilities from affiliates	0	0
Other conditional assets and received guarantees and sureties	0	0
Conditional assets and received guarantees and sureties from affiliates	0	0
Received guarantees of satisfactory performance of contracts from non-affiliates - insurance	5 680	3 208
Received guarantees of satisfactory performance of contracts from non-affiliates - banking	6 715	5 446
Received guarantees and sureties of repayment of liabilities from non-affiliates	96 800	86 200
Conditional receivables - Court litigations	0	0
Other conditional assets and received guarantees and sureties from non-affiliates	0	0
Conditional assets and received guarantees and sureties from non-affiliates	109 195	94 855
Conditional assets and received guarantees and sureties	109 195	94 855

The Group also provides guarantees for the work performed. A significant portion of the responsibility in this regard lies with subcontractors.

26. Earnings per share

Description	01.01.-31.12.2022	01.01.-31.12.2021
Net profit (loss) attributable to shareholders of parent entity	88 671	77 111
Weighted average number of ordinary shares (in thousands)	8 363	8 363
Major earning per share (in PLN)	10,60	9,22
Net profit (loss) attributable to shareholders of parent entity	88 671	77 111
Weighted diluted average number of ordinary shares (in thousands)	8 363	8 363
Diluted learning per share (in PLN)	10,60	9,22
Net profit (loss) from continued operations attributable to shareholders of parent entity	10,60	9,22
Weighted average number of ordinary shares (in thousands)	8 363	8 363
Basic earnings per share from continuing operations (in PLN)	10,60	9,22
Net profit (loss) on continued operations attributable to equity holders of the parent entity	88 671	77 111
Weighted average diluted number of ordinary shares (in thousands)	8 363	8 363
Diluted earnings per share from continuing operations (in PLN)	10,60	9,22

Signatures of all Members of Management Board:

Mariusz Tuchlin

President of Management Board
Dekpol Capital Group

Katarzyna Szymczak-Dampc

Vice-President of Management Board
Dekpol Capital Group

Signature of person responsible for bookkeeping:

Anna Miksza

Chief Accountant Officer
Dekpol Capital Group

Dekpol Capital Group S.A.

ul. Gajowa 31, Pinczyn
+48 58 560 10 60
dekpol@dekpol.pl
dekpol.pl

NIP: 592-21-37-980
REGON: 220341682
KRS: 0000505979
BDO: 000002512