

# Report of Management Board on business activities

of the Company and the Dekpol Capital Group



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for the period from January 1, 2023, to December 31, 2023

# Selected achievements in 2023

FY 2023

BUDOWNICTWO

*Silver Ecovalis*

already another certificate awarded for ESG standards - the highest marks for the areas of environment and ethics

BUDOWNICTWO

*„Build Safely”*

First place at the voivodship level for construction in Bialystok and 4 honorable mentions in the competition



DEVELOPER

*740 apartments*

In sales offer at the end of December 2023

DEVELOPER

*Grawania*

investment introduced for sale



STEEL

*Products*

More than 1,000 manufactured accessories for construction machines in Q4 2023

STEEL

*XMOR®*

launch of the first bucket of the BHC series



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# Letter of the President of Management Board

*Ladies and Gentlemen,*

It is my pleasure to present to you the Annual Report of the Depol Group and Company for 2023, preceded by this brief word of introduction, in which we summarize the most important achievements of the past year.

The year 2023 was more stable in terms of doing business than previous years, although of course it was not without challenges. Naturally, like all entrepreneurs we faced, among other things, cost inflation and high interest rates, but changes in these areas were not as rapid as before. The experience we gained in the past turbulent years has paid off in a relatively calmer, though still challenging, market environment. We have proven as an organization that we are able to take advantage of the market situation and synergies within the Group to strengthen our position, which translates into our financial results. As a result, revenues of Depol Group in 2023 amounted to PLN 1.57 billion, up 13% y/y. EBITDA reached PLN 132.13 million. We ended the year 2023 with a net profit of approximately PLN 90.37 million, compared to PLN 78.91 million in 2022, and was higher by less than 15%.

We are very satisfied with the results achieved. In particular, the second half of the year was exceptionally successful in the General Contracting segment and in the Property Development segment. Depol Budownictwo is strengthening its position in the industrial and logistics investment market, gaining new references, and expanding its range of competencies, such as prefabricated hall construction systems and "design and build" services. The company entered 2024 with a strong order backlog and is still on its way to search for margin-attractive orders and further development of the team's competencies.

In the property development segment, our flexible strategy of having a diverse offering allows us to adapt smoothly to changes in the market - an example was the rapid recovery in the popular sector after the introduction of the "Bezpieczny Kredyt 2%" program. In addition, Depol Developer is effectively leveraging its strong brand in the premium segment by offering "second home" units in attractive coastal locations, which are becoming increasingly popular among customers for capital preservation or building assets for the future. A major market success last year was also the opening of the Grano Solmarina Hotel, developed by us, to guests. As a result, Depol Developer not only achieved, but significantly exceeded operational goals set for 2023 and came close in terms of contracting levels to the record year of 2021 in this regard.

Despite difficulties in the market, the situation at Depol Steel is gradually stabilizing, and the organizational changes being implemented give hope for a return to the expected results in this segment in the future. It is also worth to note the steadily growing contribution of the prefabrication segment to the Group's operations. The Betpref company, which we have been steadily developing since its acquisition in 2018, has been executing more and more orders, and the favorable acquisition of the Kombet Plant in Działdowo in 2022 further strengthens our position in this promising area.

The success, which is expressed, among other things, in the achieved results for 2023, would not have been possible if it were not for the enormous amount of work put into building a safe and stable financial sphere for Depol Group, especially in view of the constantly growing scale of our business. We maintain operational stability and consistently implement our business plans, which is appreciated not only by our Contractors, but also by Investors - as a result, we carried out consecutive successful bond issues last year, raising financing for further development while maintaining debt ratios at a safe level.

Summarizing, thanks to strategic diversification, effective use of conditions created by the market in individual segments, internal cooperation within the Group and a solid financial position, Depol Group achieves satisfactory financial results, despite numerous business challenges. At this point, I would like to thank all the Group's employees for their daily commitment to the development of the Depol Group, our Contractors for their fruitful cooperation and our Investors for their trust and confidence in the successful execution of our plans.



*Mariusz Tuchlin*

**Mariusz Tuchlin**  
President of Management Board  
Depol Capital Group

# Commentary of the Vice-President of Management Board

*Ladies and Gentlemen,*

Another challenging but rewarding business year is behind us. The environment, although slightly more stable than in previous years, is still extremely challenging for businesses. In this context, I can confidently state that Depol, as a large but still operationally agile organization, is coping very well in the current conditions, resulting in solid financial results. It is worth noting the satisfactory level of margins, accompanied by double-digit year-on-year revenue growth for the Group.

Our collective success, measured in part by the financial results for the year 2023, would not have been possible without the effort we put into building and maintaining the safe and stable financial position of the Depol Group. This allows us to effectively manage resources and operational activities, consistently pursuing ambitious plans. Given the scale of contracts to be executed, an appropriate level of working capital is necessary - we are effective in this area and maintain it at an optimal level, while ensuring safe leverage ratios: the net debt/EBITDA at the end of 2023 was approximately 0.43x.

Our entire team, with daily dedication to matters concerning the Group, consistently puts in every effort to ensure that Depol can proudly be recognized as a reliable, trusted partner, valued by clients, contractors, investors, and financial institutions. Undoubtedly, this opinion, supported by the achieved financial results, has also contributed to the success of our bond issuances last year.

Our top priority remains the preservation of Depol's financial security and stability, which are the foundation for the Group's continued growth. This ensures that we are prepared for market opportunities and challenges, and that temporary changes in the economic or market environment that may occur in any of our three main business segments do not disrupt our medium- and long-term plans and do not affect our aspirations.

Year by year, we attach increasing importance to ESG-related issues. Although we focus on creating value for shareholders, we do so in a responsible manner, in line with the highest standards. We believe that such a responsible approach to conducting business will play an increasingly significant role and will yield tangible benefits in the near future.

Thanking you for another year of successful cooperation, I invite you to read the Annual Report of the Depol Capital Group for the year 2023.



**Katarzyna Szymczak-Dampc**  
 Vice-President of Management Board  
 Financial Director  
 Depol Capital Group



# The most important events in 2023



# The most important events in 2023

## October 2023 Event Grano SolMarina



Hotel SolMarina is an ambitious project, a dream that we have managed to realize. Dekpol Deweloper proudly and with great satisfaction invited the clients of the investment to a ceremonial banquet to celebrate the opening of the facility. It was a great opportunity to get to know your new neighbors!

## October 2023 ESG Training



There is never enough knowledge about corporate social responsibility. For this reason, the Dekpol Deweloper team held a training course, during which we explored key concepts related to this area, their relevance to the company and the modern business world. Concrete examples of ESG best practices were discussed during the training, so that we could better understand what benefits their implementation can bring to our organization.

## October 2023 Topping out over forensic laboratory in Poznań



In October, there was a ceremonial topping-out ceremony at the forensic laboratory of the Voivodship Police Station in Poznań. Dekpol Budownictwo is the general contractor for the investment, which will include specialized laboratories for conducting advanced research

## November 2023 Dekpol Budownictwo Academy



During the last Dekpol Budownictwo Academy in 2023 organized for employees, company representatives shared their experience on two important issues. Selected Construction Managers presented best practices in project implementation, while the essence of the company's core values was presented by the Board of Directors.

**December 2023 Communication training**



It is said that when it doesn't work, it's time for communication training. But we know that in large organizations like GK Dekpol, it's about more than just the ability to communicate. Communication is a process that needs to be constantly monitored and improved, which is why we have implemented a series of training sessions in this area and have also started internal research within the companies to make our work even more effective and enjoyable.

**December 2023 II stage of Neo Jasień**



The eco-friendly Neo Jasień estate is a great place to live for couples and families who value peace and natural surroundings. Residents of the first phase are already enjoying modern architecture and innovations such as photovoltaic panels, and the second phase will be equally comfortable.

**REVIEW – PREVIOUS RELEASES**

**March 2023 Stage III of Sol Marina in sales**

Sol Marina is the cherry on top among our exceptional investments. It still enjoys tremendous interest, which doesn't surprise us at all!

**April 2023 Forest planting**

The Dekpol Capital Group cares about the environment, implementing further initiatives aimed at reducing our negative impact on the planet. During the first meeting, we planted 2,000 trees, but today, almost a year later, the Dekpol Capital Group has already planted 10,000 trees!

**April 2023 Dekpol was established 30 years ago**

The anniversary is always a reason for satisfaction, but also a moment for summing up and setting new goals. The year 2023 has ended, and we can confidently say that we continue to pursue them.

**June 2023 II Bonds Issue Programme**

The Polish Financial Supervision Authority (KNF) has approved the prospectus of the II Bonds Issue Programme of Dekpol S.A. with a total nominal value of up to PLN 150 million.

**June 2023 European Medal**

Dekpol Steel has been awarded the European Medal for the hydraulic tilting joint TILTDEK®. The initiative was organized by the Business Center Club under the honorary patronage of the European Economic and Social Committee in Brussels. It's been several months, but the award still brings joy...

# Selected financial data



# Selected financial data

## Selected financial data of Depol Capital Group

	Thousands of PLN		Thousands of EUR	
	01.01.2023- 31.12.2023	01.01.2022- 31.12.2022	01.01.2023- 31.12.2023	01.01.2022- 31.12.2022
I. Net revenue from sales of products, goods, and materials	1 568 829	1 386 848	346 442	295 810
II. Profit (loss) on operating activity	115 877	120 050	25 589	25 606
III. Profit (loss) before tax	116 897	97 887	25 814	20 879
IV. Net profit (loss)	90 366	78 909	19 955	16 831
V. Earnings (loss) per ordinary share (in PLN / EUR)	10,81	9,44	2,39	2,01
VI. Net cash flows from operating activity	97 079	102 781	21 438	21 923
VII. Net cash flows from investment activity	-6 133	-34 381	-1 354	-7 333
VIII. Net cash flows from financial activity	-27 733	-28 900	-6 124	-6 164
IX. Total net cash flows	63 213	39 500	13 959	8 425
	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
X. Total assets	1 542 797	1 409 427	354 829	300 524
XI. Liabilities and provisions for liabilities	964 934	932 466	221 926	198 824
XII. Long-term liabilities	292 859	277 136	67 355	59 092
XIII. Short-term liabilities	672 075	655 330	154 571	139 732
XIV. Equity	577 863	476 961	132 903	101 700
XV. Share capital	8 363	8 363	1 923	1 783
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)	69	57	15	12

## Selected financial data of the Company Depol S.A.

	Thousands of PLN		Thousands of EUR	
	01.01.2023- 31.12.2023	01.01.2022- 31.12.2022	01.01.2023- 31.12.2023	01.01.2022- 31.12.2022
I. Net revenue from sales of products, goods, and materials	54 518	276 201	12 039	58 913
II. Profit (loss) on operating activity	5 956	8 254	1 315	1 761
III. Profit (loss) before tax	12 087	1 494	2 669	319
IV. Net profit (loss)	12 378	1 208	2 733	258
V. Earnings (loss) per ordinary share (in PLN / EUR)	1,48	0,14	0,33	0,03
VI. Net cash flows from operating activity	3 559	54 489	786	11 622
VII. Net cash flows from investment activity	42 743	-55 354	9 439	-11 807
VIII. Net cash flows from financial activity	- 9 871	5 811	-2 180	1 239
IX. Total net cash flows	36 431	4 946	8 045	1 055
	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
X. Total assets	530 647	610 494	122 044	130 172
XI. Liabilities and provisions for liabilities	230 235	321 815	52 952	68 619
XII. Long-term liabilities	164 318	148 048	37 792	31 567
XIII. Short-term liabilities	65 918	173 767	15 161	37 051
XIV. Equity	300 412	288 679	69 092	61 553
XV. Share capital	8 363	8 363	1 923	1 783
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)	36	35	8	7

Selected balance sheet items presented in EUR have been converted according to the average EUR exchange rate announced by Narodowy Bank Polski (National Bank of Poland) on December 31, 2023, and December 31, 2022. Selected items of the profit and loss statement and the cash flow statement were converted into EUR at the exchange rate announced by Narodowy Bank Polski (National Bank of Poland), being the arithmetic average of exchange rates for EUR applicable on the last day of each completed month in the period of 12 months ended December 31, 2023, and 12 months ended December 31, 2022.

	01.01.-31.12.2023	01.01.-31.12.2022
Exchange rate valid at the last day of the period (EUR/PLN)	4,3480	4,6899
Average exchange rate on the period (EUR/PLN)	4,5284	4,6883

# 1. General information about the Company



## General information about the Company

<b>Name (Company):</b>	<b>Dekpol Spółka Akcyjna</b>
Short name:	Dekpol S.A.
Headquarter:	ul. Gajowa 31, 83-251 Pinczyn
Phone:	(58) 560-10-60
Website address:	<a href="http://www.dekpol.pl/">http://www.dekpol.pl/</a>
E-Mail address:	dekpol@dekpol.pl

The Company Dekpol S.A. („Company”, „Dekpol”, Issuer”) is entered in the register of entrepreneurs of the National Court Register maintained by District Court Gdańsk-North in Gdańsk, VII Commercial Division of the National Court Register under ID (KRS) number 0000505979. The Issuer's company was registered on April 11, 2014. The Issuer has a tax identification number TIN 592-21-37-980 and the number REGON 220341682.

The Issuer was created as a result of the transformation of Dekpol Spółka z ograniczoną odpowiedzialnością in Dekpol Spółka Akcyjna with the resolution of the General Meeting of Shareholders of April 1, 2014. On April 11, 2014, the District Court Gdańsk-Północ in Gdańsk, VII Commercial Division of the National Court Register, entered the Issuer in the Register of Entrepreneurs of the National Court Register under No. 0000505979 as a joint-stock company.

The Company has been created as a permanent entity.

Since January 8, 2015, Company's shares are listed on the Warsaw Stock Exchange S.A.

## Business activities of Dekpol S.A.

Since 2021, Dekpol S.A., as the parent company of the Dekpol Capital Group (“Dekpol Group”), performs mainly the role of the holding company managing the Dekpol Capital Group and provides services to entities from the Dekpol Capital Group.

The current individual areas of company's business activity (general contracting, property development and production activities), as part of the reorganization that has been ongoing in recent years, have been transferred to created subsidiaries.

## Branches

The company has no branches or plants within the meaning of the Accounting Act.

## Composition of Management Board and Supervisory Board

As of December 31, 2023, and as of publication date of this Report, Management Board of the Company operates in the following composition:

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 2023 and up until the date of the Report's publication.



The experience we gained in the past turbulent years has paid off in a relatively calmer, though still challenging, market environment. We have proven as an organization that we are able to take advantage of the market situation and synergies within the Group to strengthen our position, which is reflected in our financial performance.

**Mariusz Tuchlin**  
President of Management Board

As of December 31, 2023, and as of publication date of this Report, Supervisory Board operates in the following composition:

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

There were no changes in the composition of the Supervisory Board of Dekpol S.A. in 2023 and up until the date of the Report's publication.

## Shares and shareholders of the Company

### Equity of the Company

In 2023 and as of the day of publication of this Report, share capital of Dekpol S.A. amounts PLN 8.362.549,00 and is divided into 8.362.549 ordinary bearer shares with a nominal value of PLN 1 each, including:

- 6.410.000 of A-series ordinary bearer shares,
- 1.952.549 of B-series ordinary bearer shares,

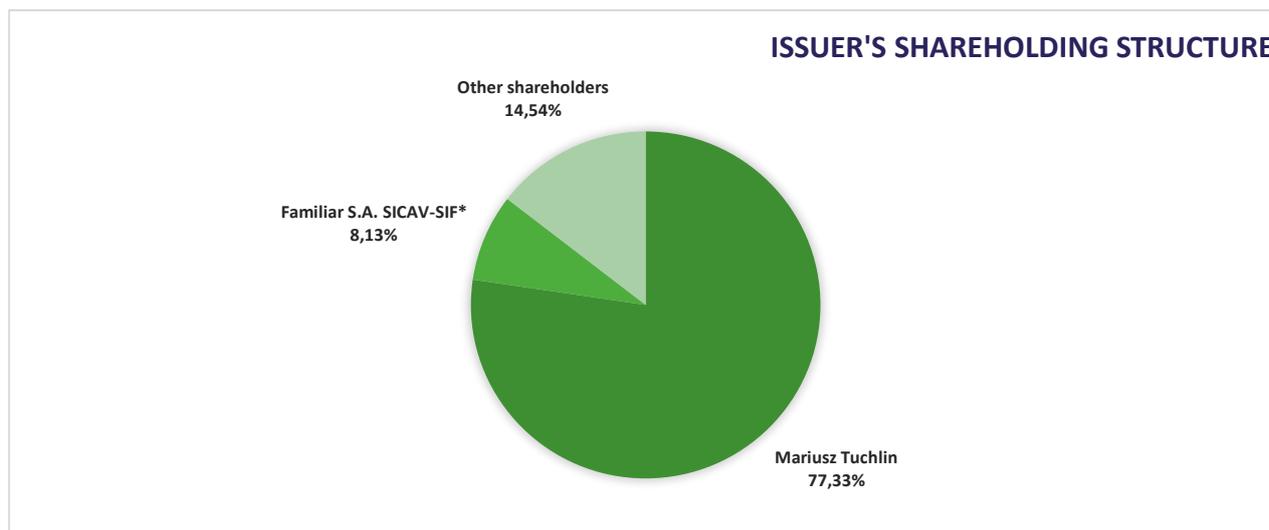
which entitle to 8.362.549 votes at the General Meeting of Shareholders of the Company.

## Shareholding structure

Shareholders of Depol S.A. holding at least 5% of the total number of votes at the General Meeting of Shareholders of the Company as of December 31, 2023, and as at the date of publication of this report to the best knowledge of the Management Board of Depol S.A.:

Major Shareholders	Number of shares / Number of votes	Participation in share capital / general 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 Shareholders convened for June 28, 2019.



## Agreements because of which may occur changes in shareholding structure

The Issuer is not in possession of information about contracts (including those concluded after the balance sheet date), because of which changes in the proportions of shares held by existing shareholders and bondholders may occur in the future.

## Information on issuer's shares held by persons from Management Board and Supervisory Board

Information on Issuer's shares held by persons from management and supervisory bodies as of December 31, 2023, and as of the date of publication of this Report:

Specification	Number of shares	Nominal value of shares (in PLN)
Mariusz Tuchlin – President of Management Board	6 466 845	6 466 845

Other members of the Management Board and Supervisory Board of Depol S.A. do not own shares of the Issuer. Members of the Management Board and Supervisory Board of Depol S.A. do not own shares or stocks in related entities of the Issuer, except for those indicated in this Report under Organizational and capital ties.

## Employees shares scheme

The Issuer does not have an employee shares scheme.

## Own shares

Dekpol S.A. did not own or acquire own shares in 2023 and did not take any actions to acquire own shares during this period.

## Changes in Company's management principles

In 2023, there were no changes to the basic management principles of the Company.

## Organizational and capital ties

Dekpol S.A. is the parent company of the Depol Capital Group. Ties resulting from having a capital group are presented in in this Report in the point "Structure of the Capital Group".

Personal ties with other companies in which Mr. Mariusz Tuchlin (acting as the President of the Issuer's Management Board and being the major shareholder of the Issuer) is a significant shareholder as at the date of publication of this Report:

Company's name	KRS	Nature of tie	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, except for 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 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, except for 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, except for 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, except for financial holdings
CAM Pszenna Sp. z o.o.	0001004553	- 99,6 % shares and votes belong to Grano Group Sp. z o.o.	The company operates in the hotel industry
HLM	0000750704	100% of shares and votes belong to Grano Group Sp. z o.o.	The company operates as central companies and holding companies, except for financial holdings
OMT Nieruchomości Sp. z o.o. 1 sp. k.	0000850379	Mariusz Tuchlin is the limited partner with contribution of PLN 5,000; OMT Nieruchomości Sp. z o.o. is the general partner with contribution of PLN 200; share of profits: general partner OMT 1%, limited partner Mariusz Tuchlin 99%	The company is engaged in the management of real estates performed on behalf of hotels and similar accommodation objects, restaurants, and other catering establishments

On March 15, 2024 (event after balance sheet date), Depol S.A. established the Depol Foundation, based in Pinczyn. The mission of the Depol Foundation is to focus its activities on providing assistance to those in need, including in particular financial assistance to employees and their families. The activities of the Depol Foundation are based on providing support and assistance in the territory of the Republic of Poland, especially in areas where the Depol Group focuses its business activities, thereby supporting the local community.

## 2. General information about the Capital Group



# General information about the Capital Group

## Business activities of the Dekpol Group

Dekpol Capital Group conducts operational activities in three areas:

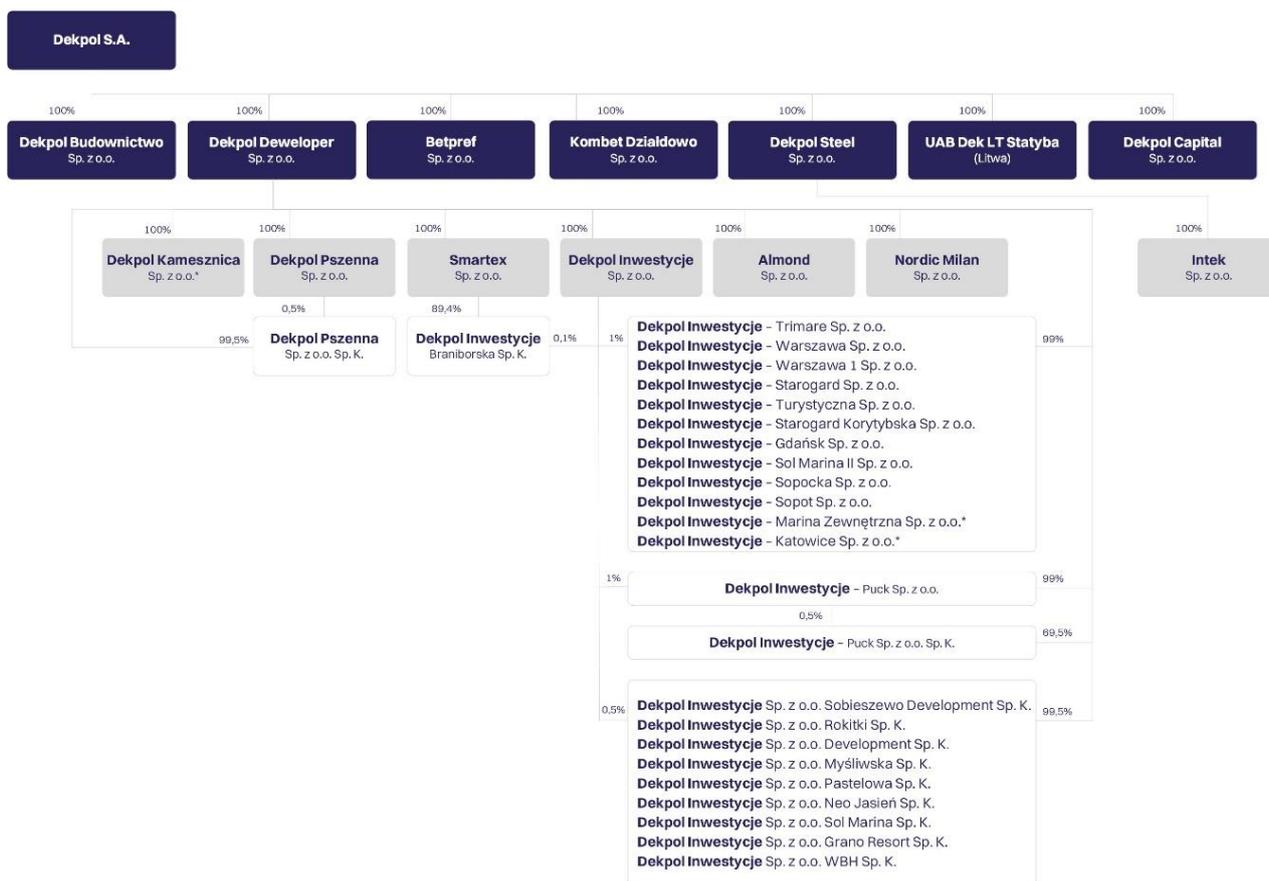
- general contracting for the construction of industrial facilities, public utilities, sports and recreation facilities, environmental protection facilities, as well as sanitary, road and hydrotechnical works.
- property development - construction, finishing and sale of housing estates, single-family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

In addition, the Dekpol Group is engaged in the production of prefabricated concrete elements and steel structures.

## Structure of the Capital Group

Dekpol Capital Group was composed of Dekpol S.A. as the parent company and direct or indirect subsidiaries of Dekpol S.A.

The organizational structure of the Dekpol Capital Group as of December 31, 2023, and as of publication date of this Report is presented in the diagram below:



\*Dekpol Kamesznica Sp. z o.o. – company entered in the National Court Register on January 9, 2024 (event after balance sheet date).

\*Dekpol Inwestycje Marina Zewnętrzna Sp. z o.o. - company entered in the National Court Register on March 26, 2024 (event after balance sheet date).

\*Dekpol Inwestycje Katowice Sp. z o.o. – company entered in the National Court Register on April 17, 2024 (event after balance sheet date).

Operating activities of the Capital Group are conducted by subsidiaries.

## General contracting activities

Business activities in the field of general contracting, starting from 2021, are carried out by Dekpol Budownictwo Spółka z ograniczoną odpowiedzialnością. The Issuer owns 100% of the subsidiary's shares.



**Business activities in the field of general contracting are carried out by Dekpol Budownictwo Sp. z o.o.**

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

## Property development activities

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



**Property development activities are carried out by special-purpose subsidiaries of Dekpol Deweloper Sp. z o.o.**

Dekpol Deweloper Sp. z o.o. since 2019, he has been running and supporting the property development activities of entities from the Dekpol Capital Group, performing tasks including the preparation and implementation of development projects, sale of real estate, design and implementation of finishing works as well as after-sales service.

### Individual projects are implemented by subsidiaries - special purpose vehicles:

- 1) Dekpol Pszenna Sp. z o.o. Sp.k. – a special purpose company to carry out a real estate development investment under the name Grano Residence in Gdańsk at Pszenna street.
- 2) 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.
- 3) Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k. – special purpose vehicle to carry out property development investments in Rokitki and Śliwiny near Tczew.
- 4) 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.

- 5) Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k. – a special purpose vehicle to carry out a property development investment in Wrocław.
- 6) 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.
- 7) 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.
- 8) Dekpol Inwestycje Sp. z o.o. WBH Sp. k. - a special purpose vehicle to carry out a real estate development investment in Warsaw.
- 9) 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
- 10) Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k.- a special purpose vehicle to carry out a real estate development investment in Wiślinka.
- 11) 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).
- 12) Dekpol Inwestycje – Puck Sp. z o.o. – general partner of the special purpose vehicle established to implement the investment in Puck indicated in point 18).
- 13) Dekpol Inwestycje – Trimare Sp. z o.o. - a special purpose vehicle established to carry out a property development investment in Sztutowo.
- 14) Dekpol Inwestycje – Warszawa 1 Sp. z o.o. – a special purpose vehicle established to carry out property development investments in and around Warsaw.
- 15) Dekpol Inwestycje Warszawa Sp. z o.o. – a special purpose vehicle established to carry out property development investments in and around Warsaw.
- 16) 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.
- 17) 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.
- 18) Dekpol Inwestycje – Puck Sp. z o.o. Sp. k. – general partner of a special purpose vehicle established to implement an investment in Puck.
- 19) Dekpol Inwestycje Gdańsk Sp. z o. o. - a special purpose company established to carry out property development projects in the Pomeranian Voivodeship
- 20) 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.
- 21) Dekpol Inwestycje – Sol Marina II Sp. z o.o. - a special purpose company established for the purpose of investment in Wiślinka.
- 22) Dekpol Inwestycje Sopocka Sp. z o.o. - special purpose vehicle established to carry out an investment project in Sopot.
- 23) Dekpol Inwestycje Sopot Sp. z o.o. – a special purpose vehicle established to carry out an investment project in Sopot.
- 24) Dekpol Inwestycje Marina Zewnętrzna Sp. z o.o. – Special purpose vehicle established to manage the lease of berths and maintenance of the outdoor marina at the Sol Marina project (company entered in the National Court Register on March 26, 2024 (event after balance sheet date).
- 25) Dekpol Inwestycje Katowice Sp. z o.o. – special purpose vehicle established to carry out a real estate development project in Katowice (company entered into the National Court Register on April 17, 2024 - event after balance sheet date).

Dekpol Deweloper Sp. z o.o. is the sole limited partner of the special purpose vehicles indicated in points 1)-4) and 6)-11) above (holding 99% of the profits and losses),). Dekpol Deweloper Sp. z o.o. holds 99% of the shares of the companies listed in items 12) -17) and 19) -25), and the remaining shares are held by a subsidiary of Dekpol Deweloper Sp. z o.o., i.e. the company Dekpol Inwestycje Sp. z o.o. listed below.

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

- 1) Dekpol Inwestycje Sp. z o.o. (General partner with a share in profits and losses amounting to 0,1%),
- 2) Smartex Sp. z o.o. (limited partner with a share in profits and losses amounting to 89,4%),
- 3) an individual not otherwise related to the Issuer (limited partner with a share in profits and losses amounting to 10,5%).

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

- 1) Dekpol Inwestycje – Puck Sp. z o.o. (General partner with a share of profits and losses amounting to 0,5%),
- 2) Dekpol Deweloper Sp. z o.o. (limited partner with a share in profits and losses amounting to 69,5%),
- 3) a legal entity not affiliated with the Group (limited partner with a share in profits and losses amounting to 30%).

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

- 1) Smartex Sp. z o.o. – limited partner of the special purpose vehicle established for the implementation of the development investment in Wrocław at Braniborska Street - Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k indicated in point 5 in the statement above,
- 2) Dekpol Pszenna Sp. z o.o. – general partner of the special purpose vehicle established to carry out the development project on Pszenna Street in Gdańsk indicated in point 1) in the statement above.
- 3) Dekpol Inwestycje Sp. z o.o. – a general partner of limited partnerships holding 1% of the shares in the companies indicated in items 2)-11) in the list above and a partner holding 0.5% of the shares in the companies indicated in items 13)-17) and 19)-25) in the list above,
- 4) Nordic Milan Sp. z o.o.- The company has completed the Eco Milan development project in Milanówek,
- 5) Almond Sp. z o.o. - The company, which owns the real-estate property in Gdańsk at 12 Toruńska Street (Hotel Almond).
- 6) Kamesznica Sp. z o.o.- a special purpose vehicle established to carry out development investments in southern Poland (the company was entered into the National Court Register on January 9, 2024 - an event after the balance sheet date, on April 8, 2024, the shares in the company were purchased by Dekpol Deweloper Sp. z o.o. from Dekpol S.A.).

## Production activity

The production activities of the Dekpol Capital Group are carried out by the companies:

- Dekpol Steel Sp. z o.o. based in Pinczyn,
- Intek Sp. z o. o. based in Lubawa,
- Betpref Sp. z o.o. based in Pinczyn,
- Kombet Działdowo Sp. z o.o. based in Komorniki.

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



**Production activity is carried out by Dekpol Steel Sp. z o.o. and its subsidiary Intek Sp. z o.o., as well as by companies Betpref Sp. z o.o. and Kombet Działdowo Sp. z o.o.**

The subject of activity of Dekpol Steel Sp. z o.o. is the production and sale of buckets and equipment for construction machines. Intek Sp. z o.o. operates a steel product manufacturing plant in Lubawa. The company focuses on the production of steel structures, solutions for heavy wheel transport, and offshore production. Currently, the certification process related to production for the defense industry has been temporarily suspended due to organizational changes being carried out in the company.

Betpref Sp. z o.o. operates a production plant for precast concrete elements and steel structures in facilities located in Toruń and Pinczyn. On the other hand, Kombet Działdowo Sp. z o.o. is engaged in the production of precast concrete elements in Działdowo.

## Remaining entities from Dekpol Capital Group

Dekpol S.A. also holds 100% of shares in the companies:

- UAB DEK LT Statyba - company established to support the construction activities of the Dekpol Capital Group in Lithuania and to manage future general contracting contracts performed in the territory of this country.
- Dekpol Capital Sp. z o.o. - a company established to provide advisory services in the field of business operations and management.

## Other entities in which entities from the Dekpol Group participate (associated companies)

Dekpol S.A. holds 324 of the 1,200 shares in the share capital of the company (amounting to PLN 60,000) Dekpol SPV 1 Sp. z o.o. This entity was established by Dekpol S.A. to implement investment projects together with the subsidiary of the President of Management Board of Dekpol S.A., i.e. OMT Holding Sp. z o.o.

## Entities subject to consolidation

All companies directly and indirectly dependent on the Issuer are subject to full consolidation. Associated companies are valued by use of the equity method.

## Own shares

The companies of the Issuer's Capital Group did not own or acquire any of their own shares or stakes in 2023, nor did they take any actions during this period aimed at acquiring their own shares or stakes.

## Changes in the structure of the Capital Group

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

On October 13, 2023, Dekpol Deweloper Sp. z o.o. sold all its shares in Mineral Group Sp. z o.o. (i.e., 50 out of 101 shares in the share capital of this company, amounting to PLN 5,050). This entity was established to conduct activities related to the exploration and extraction of mineral resources. The value of the share sale transaction was not significant in terms of the scale of business operations and financial results of the Dekpol Group. On November 21, 2023, Dekpol Inwestycje Sopot Sp. z o.o. was registered in the National Court Register - a special purpose company established to carry out investments in Sopot.

On December 4, 2023, Dekpol Capital Sp. z o.o. was registered in the National Court Register - a company established to provide advisory services in the field of business operations and management.

On January 9, 2024 (event after balance sheet date), Dekpol Kamesznica Sp. z o.o. was registered in the National Court Register - a special purpose company established to carry out development investments in southern Poland. Dekpol S.A. held 100% of the shares in the company. On April 8, 2024, Dekpol S.A. sold all its shares in Dekpol Kamesznica Sp. z o.o. to Dekpol Deweloper Sp. z o.o.

On March 25, 2024 (event after balance sheet date), Dekpol Inwestycje Marina Zewnętrzna Sp. z o.o. was registered in the National Court Register - a special purpose company established to manage the lease of mooring places and maintain the external marina at the Sol Marina investment.

On April 17, 2024 (event after balance sheet date), Depol Inwestycje – Katowice Sp. z o.o. was registered in the National Court Register - a special purpose company established to carry out a development investment in Katowice.

## **Changes in management principles of the Capital Group**

In 2023, there were no changes in basic management principles of the Depol Capital Group.

## **Organizational or capital ties**

There are no organizational or capital ties of Depol Capital Group companies with other entities, other than those indicated above in this Report.

# 3. Business activities of the Company and the Capital Group



# Business activities of the Company and the Capital Group

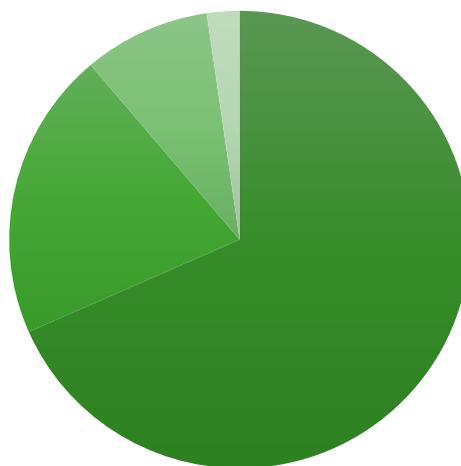
## Key products, goods, and services

Operating segments in reporting period, i.e. in the period 01.01.2023–31.12.2023 (consolidated data):

Description	General contracting services	Property development activity	Production of equipment for construction machines	Other	Total
Total sales revenues	1 072 839	320 495	139 552	35 943	1 568 829
Other operating income	0	0	0	20 044	20 044
Other operating expenses	0	0	0	31 947	31 947
Total operating expenses	990 061	249 276	136 590	65 122	1 441 049
<b>Operating result</b>	<b>82 778</b>	<b>71 218</b>	<b>2 962</b>	<b>(41 082)</b>	<b>115 877</b>

### Total sales revenues - consolidated data for 2023

- General Contracting
- Property development
- Production of accessories for construction machines
- Other

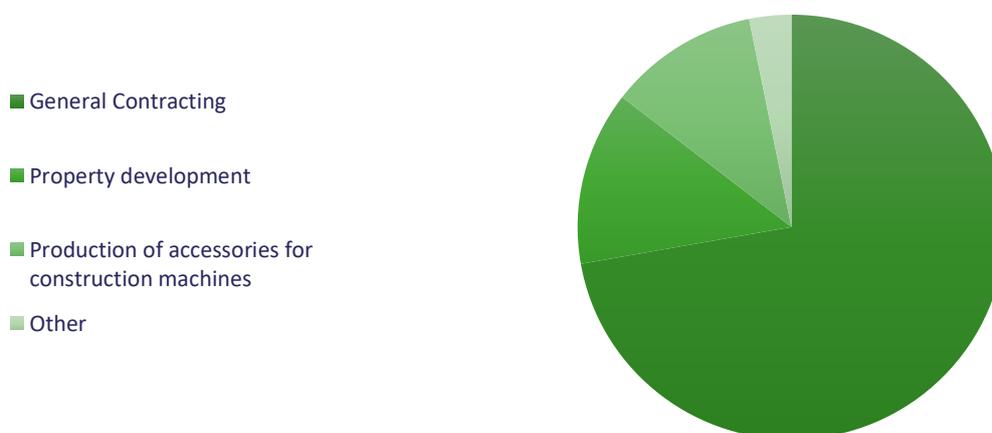


**Operating segments in previous reporting period,  
i.e. in the period 01.01.2022–31.12.2022 (consolidated data):**

Description	General contracting services	Property development activity	Production of equipment for construction machines	Other	Total
Total sales revenues	1 001 546	183 802	157 404	44 096	1 386 848
Other operating income	0	0	0	19 616	19 616
Other operating expenses	0	0	0	19 977	19 977
Total operating expenses	929 930	142 978	147 635	45 895	1 266 438
<b>Operating result</b>	<b>71 616</b>	<b>40 824</b>	<b>9 769</b>	<b>(2 160)</b>	<b>120 049</b>

## Total sales revenues

- consolidated data for 2022



## Operating segments in reporting period, i.e. in the period 01.01.2023–31.12.2023 (separate data):

Description	General contracting services	Property development activity	Production of equipment for construction machines	Other	Total
Total sales revenues	0	0	0	54 518	54 518
Other operating income	0	0	0	6 524	6 524
Other operating expenses	0	0	0	2 429	2 429
Total operating expenses	0	0	0	52 657	52 657
<b>Operating result</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5 956</b>	<b>5 956</b>

## Operating segments in previous reporting period, i.e. in the period 01.01.2022 – 31.12.2022 (separate data):

Description	General contracting services	Property development activity	Production of equipment for construction machines	Other	Total
Total sales revenues	162 587	0	0	113 615	276 201
Other operating income	0	0	0	5 191	5 191
Other operating expenses	0	0	0	1 940	1 940
Total operating expenses	162 456	18	0	108 725	271 199
<b>Operating result</b>	<b>131</b>	<b>-18</b>	<b>0</b>	<b>8 141</b>	<b>8 254</b>

The Dekpol Group's sales revenues in 2023 exceeded PLN 1,568.83 million, an increase of more than 13% over the previous year. The Group's sales consisted of higher revenues of the General Contracting segment than last year, as well as very good revenues of the Property Development segment and stabilizing revenues of the segment of Production of Accessories for Construction Machines.

The revenue share of the General Contracting segment in total revenues of the Dekpol Capital Group in 2023 amounted to over 68%, with the segment's revenue increasing by PLN 71.29 million compared to 2022. The segment achieved an operating result of PLN 82.78 million, representing a nearly 16% increase compared to December 31, 2022. The Property Development segment achieved sales revenue of PLN 320.50 million in 2023 (an increase of PLN 136.70 million compared to 2022), accounting for over 20% of the total revenue of the Dekpol Capital Group. The operating result of the Property Development segment amounted to PLN 71.22 million compared to PLN 40.82 million at the end of 2022. The segment of Production of Accessories for Construction Machines achieved revenues of PLN 139.55 million in 2023, representing a decrease of approximately 11% compared to the previous year, with its share in the revenue of the Dekpol Capital Group amounting to 8.9%.

Sales revenues and operating profit of the Dekpol Capital Group indicated in the Consolidated Financial Statement for the year 2023, as well as in this Report, are similar to the estimated financial data disclosed in the public announcement in current report no. 5/2024 dated January 29, 2024. The Group achieved a net profit in the amount of PLN 90.36 million, which is higher than the initial estimated data by approximately PLN 10.36 million. The net debt/EBITDA ratio at the end of 2023 was at the level of 0.43, which is consistent with the published estimated financial data, indicating the ratio at the level of 0.4.



**PLN 1.569 billion**  
**Group revenue growth**  
**of 13% compared to 2022.**

Details of each segment are presented in the following sections.

### General contracting

Within the General Contracting Segment, as of December 31, 2023, the Capital Group had contracts in its portfolio for external entities with a total contractual value of over PLN 1,532 million net (as of the end of 2022, PLN 1,315 million, and as of the end of the third quarter of 2023, PLN 1,538 million), of which projects with a total value of approximately PLN 535 million net remained to be completed after the reporting period (as of the end of 2022, approximately PLN 454 million, and as of the end of the third quarter of 2023, approximately PLN 824 million).

On the other hand, as part of internal activities for the Property Development segment, Dekpol Budownictwo had contracts worth over PLN 318 million net as of the end of 2023 (over PLN 420 million net at the end of 2022, and approximately PLN 429 million net at the end of the third quarter of 2023), of which approximately PLN 94 million net remained to be completed (at the end of 2022, approximately PLN 139 million net, and approximately PLN 134 million net at the end of the third quarter of 2023).

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

The list of selected external contracts carried out by the Dekpol Group as of December 31, 2023, in the field of general contracting is presented in the table below:

Ordering party	Description of a project
ACE 7	General contracting of the object Koszalin Power Center
BIMS PLUS FHH	Construction of a warehouse hall with a service-office-social section, including the construction of connections and internal installations, in the city of Poznań
KARUELA ŚWIEBODZIN	Extension of the production and warehouse building with technical infrastructure in Białystok
KOMENDA WOJEWÓDZKA POLICJI	Construction of the Forensic Laboratory of the Voivodship Police Station in Poznań
INVESTOR	Construction of a building with accompanying infrastructure, i.e. plazas, sidewalks, parking lots, roads with exits/entrances, external networks, connections, lighting, green areas and advertising objects, as well as small architecture in the village of Psary
THALES DIS POLSKA	Construction of a production and storage building and a social and administrative building, together with associated buildings, structures, construction equipment and technical infrastructure
LEROY MERLIN INWESTYCJE	Commercial building with parking lots, access roads and technical infrastructure, located in Koszalin

BIAWAR PRODUKCJA	Extension of the production and warehouse building with technical infrastructure in Białystok.
INVESTOR	Construction of a production hall with a technology tower in Bydgoszcz.
7R GROUP	Construction of warehouse and production buildings with social and office facilities, gatehouse building, pumping station building with a water tank for fire purposes, as well as internal and external installations in Swarzędz.

The value of the Group's contracts is steadily increasing and currently averages close to PLN 70 million. The Group is also executing larger contracts. As of December 31, 2023, the General Contracting segment had 6 contracts in its portfolio with a value of more than PLN 70 million.

Industrial and logistics projects have a significant share in the order portfolio - in recent years they accounted for approx. 80-90%. As of December 31, 2023, the share of industrial and logistics projects in the entire order portfolio amounted to approx. 78%.



**Almost 78% of the ordering portfolio consist industrial-logistic projects.**

Dekpol Budownictwo is continuing its development towards achieving advanced specialization in the execution of cubature projects of a higher degree of complexity, as evidenced by successive projects acquired for implementation for leading investors operating in this market.

The activity of the segment in 2023 took place in a more stabilized market environment compared to 2022. It is worth noting that the reporting period was relatively free from significant increases in the prices of construction materials, which are crucial for the conducted operations. Furthermore, due to the limited number of projects and a decrease in demand, the prices of construction materials began to decline and stabilized at sustainable, relatively low levels. The challenge of 2023 remained the dynamics of inflation, which made it difficult to project the costs of construction projects and contributed (albeit to a limited extent) to wage pressure. However, it is important to emphasize once again that the strategy adopted in 2018 and maintained to this day, focusing on acquiring short- and medium-term contracts, allows the Company to effectively counteract inflationary factors and achieve its economic objectives. Additionally, over the past years of operation, the Company has developed internal procedures and processes aimed at efficiency, speed, and reducing implementation risk (including an effective purchasing department collaborating with the estimation department for new projects and the implementation department, as well as swift contracting processes and their management).

The year 2023 once again ended with the generation of historically highest sales revenue ever for the general contracting segment, which reached PLN 1,072.84 million compared to PLN 1,001.55 million a year earlier.

In the last months of 2023, the Group observed further threats to the construction industry arising from geopolitical as well as macroeconomic changes translating into a slowdown in production, i.e.: unavailability of financing for new projects, limitations in demand for warehouse space. At the same time, the Management Board is taking active measures to secure the financial result of Dekpol Budownictwo Sp. z o.o. at a level that corresponds to the ambitions of the market leader in volume construction.

## Property development

The property development activity of the Dekpol Capital Group focuses on the construction, finishing, and sale of residential estates, single-family housing estates, luxury apartment buildings, condominiums, aparthotels, as well as commercial and service premises.

In 2023, the Dekpol Group executed residential and commercial development projects in the Tri-City Agglomeration, Rokitki near Tczew, Sztutowo, and in Wrocław. The projects included construction of residential estates, luxury apartment buildings, as well as a condo hotel. The sales share of higher-prestige and higher-standard projects aimed at more demanding clients was 58.9% (in terms of the number of apartments sold, this share was 38%). In financial results of 2023, the Dekpol Group's property development segment recognized revenues from the sales of 478 apartments and partial revenue from the investment in Wrocław (in line with the progress of construction) from a contract with an institutional entity. Meanwhile, in previous year, the property development segment recognized revenues from sales of 380 apartments. As a result, segment revenues in 2023 exceeded PLN 320 million. The revenues recognized in 2023 were mainly influenced by completed projects such as the second stage of the prestigious Sol Marina sailing estate and the condohotel part of this project, known as the Grano Hotel Sol Marina, investments in the enhanced-standard Baltic Porto and Baltic Line, as well as popular residential estates including Stage II of Osiedle Kociewskie, Stage IIa of Osiedle Pastelowe, and Stage I of Neo Jasień. In contrast, contracting in 2023 (understood as preliminary, real-estate development, and reservation agreements) amounted to 472 apartments compared to 341 apartments in 2022, primarily involving the third stage of the prestigious Sol Marina sailing estate and the condo hotel part of this project under the name Grano Hotel Sol Marina, three investments on Sobieszewo Island, as well as Stage I and Stage II of Neo Jasień, Stage IIb of Osiedle Pastelowe, Stage II and Stage III of Osiedle Kociewskie, and the Trimare Stage I investment in Sztutowo. The value of apartments sold in 2023 based on concluded reservation, real-estate development, and preliminary agreements amounted to PLN 278 million. Sales results (signed preliminary, real-estate development, and reservation agreements) achieved in 2023 exceeded the initial plans set at the beginning of 2023. Thus, the property development segment goals of the Dekpol Group for 2023, including the sale of 430 apartments and revenue recognition at the level of PLN 308 million, were achieved and exceeded.



**Share of sales for projects with higher prestige and standards accounted for 58,9%.**

### In 2023, the following investments were mainly sold:

- Granaria - 126 apartment units located on Granary Island in Gdańsk,
- Grano Marina Hotel - a building with a total of 130 service premises, located in Wiślinka near Sobieszewska Island, part of the "Sol Marina stage I investment",
- Sol Marina stage II - a complex of 15 apartment buildings with a total of 127 commercial premises, located in Wiślinka near Sobieszewska Island,
- Sol Marina stage III - a complex of 16 apartment buildings with a total of 140 commercial premises, located in Wiślinka near Sobieszewska Island,
- Baltic Line - apartment building with a total of 60 commercial premises, located on the Sobieszewska Island,
- Baltic Porto - apartment building with a total of 72 service premises, located on the Sobieszewska Island,
- Pino Resort stage I – 2 apartment buildings with a total of 61 commercial premises, located on the Sobieszewska Island,
- Osiedle Pastelowe, stage IIa- 3 residential buildings with a total of 225 residential premises, located in Gdańsk,
- Osiedle Pastelowe, stage IIb- 2 residential buildings with a total of 125 residential premises, located in Gdańsk,
- Osiedle Pastelowe stage IV - 1 residential building with a total of 78 residential premises, located in Gdańsk,
- Neo Jasień stage I - 2 residential buildings with a total of 104 residential premises, located in Gdańsk,
- Neo Jasień stage II- 2 residential buildings with a total of 98 residential premises, located in Gdańsk,
- Trimare stage I - 9 residential buildings with a total of 189 residential premises, located in Sztutowo,
- Osiedle Kociewskie stage II - 3 residential buildings with a total of 129 residential premises, located in Rokitki near Tczew.,

- Osiedle Kociewskie stage III - 3 residential buildings with a total of 141 residential premises, located in Rokitki near Tczew.

In 2023, final use permits were issued for: a building with a total of 130 commercial units in the Grano Hotel Sol Marina, 15 apartment buildings included in the Sol Marina Stage II project, 2 multi-family residential buildings included in Osiedle Kociewskie estate Stage II project, an apartment building included in the Baltic Line project, and 9 multi-family residential buildings included in the Trimare Stage I project.

As of December 31, 2023, there were 740 apartments remaining for sale in portfolio.



**At the end of 2023, there were 740 apartments for sale in portfolio.**

### Production of accessories for construction machines

The activities of Dekpol Steel Sp. z o.o. (a separate entity from Dekpol S.A. established in 2019) involve production and sales of buckets and accessories for construction machines. Subsidiary Intek Sp. z o.o. operates a steel products manufacturing plant in Lubawa, focusing on the production of steel structures, solutions for heavy wheeled transport, and offshore production and crane components. The company's new business is the manufacture of frames and components used in the production of specialized loaders.

Segment of production of accessories for construction machines faced significant challenges in 2023 due to a decline in orders and the economic situation in Polish and foreign markets, due to the impact of the COVID-19 pandemic and the war in Ukraine. The realization of assumptions for 2023 was therefore verified by the market situation on the domestic as well as on export markets. Factors affecting the company's sales and profitability were mainly challenges arising from inflation, the still ongoing war in Ukraine, price instability in the market for steel, energy, and other components - all of which were felt by the company and had a negative impact on the final margin.

The second half of 2023 was a time of intensive work on diversifying the customer portfolio, optimizing production with cost-saving projects, acquiring new competencies - building a new, strong strategy for Dekpol Steel and Intek to be able to set ambitious goals in the next year and enter current and new markets as widely as possible.

In addition, the company has temporarily suspended efforts to obtain the military license required for steel components used in the army due to organizational changes at the company.



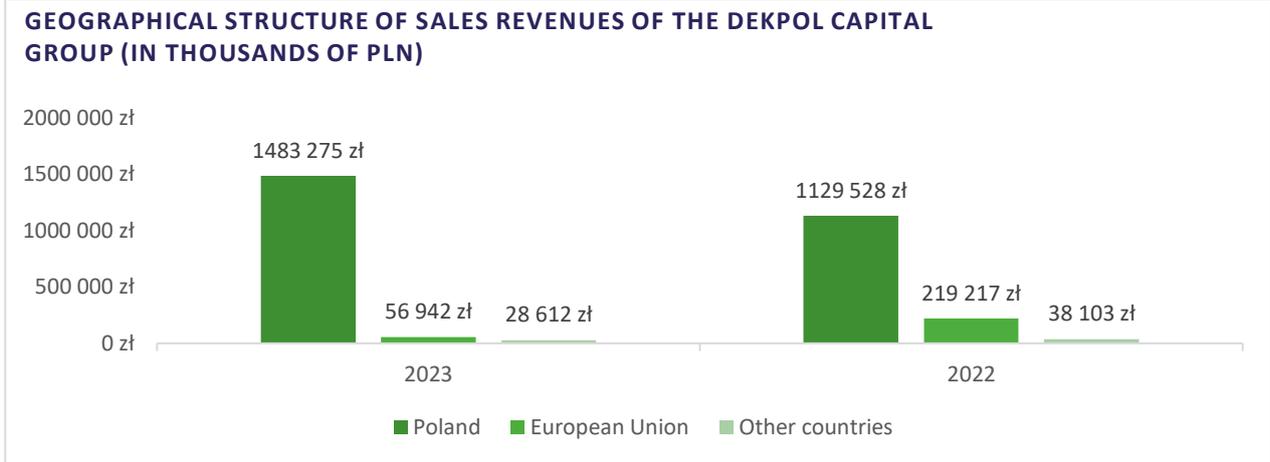
**The second half of 2023 was a time of intensive work on diversifying the customer portfolio, optimizing production, and acquiring new competencies.**

## Sales markets and sources of supply

**Geographical structure of sales revenues of the Dekpol Capital Group in the period 01.01.2023-31.12.2023 and comparably in the period 01.01.2022-31.12.2022 (in thousands of PLN)**

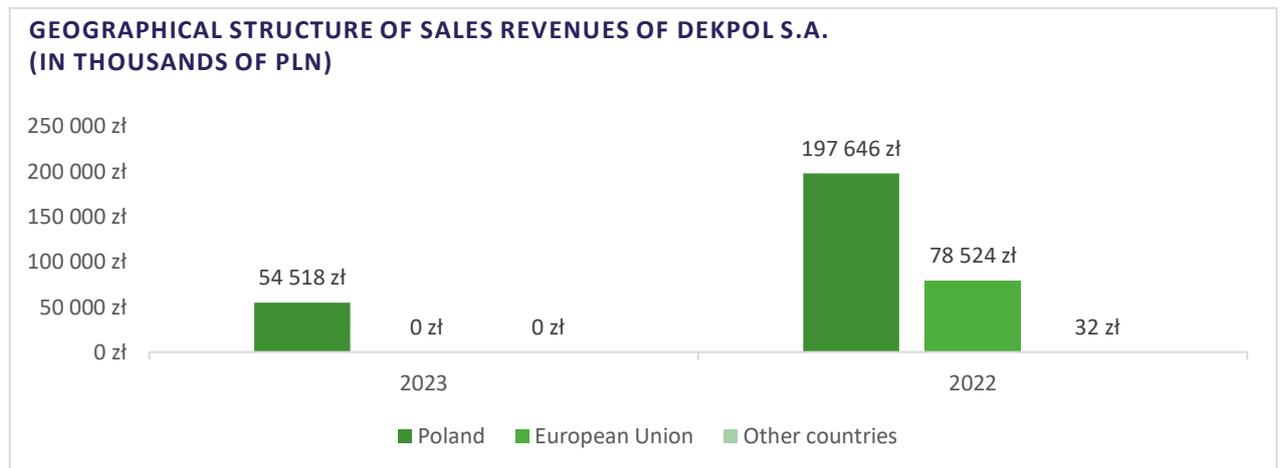
Description	01.01.2023-31.12.2023	01.01.2022-31.12.2022
Poland	1 483 275	1 129 528
European Union	56 942	219 217

Other countries	28 612	38 103
<b>Sales revenues</b>	<b>1 568 829</b>	<b>1 386 848</b>



**Geographical structure of sales revenues of Dekpol S.A. in the period 01.01.2023-31.12.2023 and comparably in the period 01.01.2022-31.12.2022 (in thousands of PLN)**

Description	01.01.2023-31.12.2023	01.01.2022-31.12.2022
Poland	54 518	197 646
European Union	0	78 524
Other countries	0	32
<b>Sales revenues</b>	<b>54 518</b>	<b>276 201</b>



Companies from the Dekpol Capital Group cooperate with many suppliers and recipients, and the turnover with them is varied and with none of them exceeded 10% of the value of sales revenues of the Dekpol Capital Group in 2023 and dependence on individual external recipients or suppliers is not identified at this level.

The Issuer and the Capital Group Companies use the services of long-term business partners (suppliers and subcontractors) to ensure the supply of materials and goods for the purposes of the contracts, which ensures continuity, timeliness, and flexibility of the supply chain, while constantly looking for new business partners to minimize availability or price risks.

In the structure of sales in the Dekpol Group, foreign sales revenues amounted to PLN 85.55 million, which translates into a 5.5% share in the Group's total revenues for 2023. The share of foreign sales decreased compared to the previous year when it amounted to 18.55% in total revenues. which is mainly due to the execution of a general contracting contract in Lithuania in 2022.

In terms of the geographical structure, the largest share of foreign sales in generated revenues is shown in the segment of production of accessories for construction machinery. Currently, Dekpol Steel exports its products to over 24 countries. Thanks to two factories, the company can meet the qualitative and quantitative expectations of the current and new customers. Buckets under the Dekpol Steel brand logo work in Australia, Scandinavia, Africa, America, Canada, and all of Europe.

Dekpol S.A. realized sales in 2023 only in Poland, which is due to its holding function in the Dekpol Capital Group. Dekpol S.A. cooperates with several suppliers and customers, and the turnover with them varies and with none of them exceeded 10% of the value of Dekpol S.A.'s sales revenue in 2022, and at this level no dependence on individual external customers or suppliers is identified.

## Main domestic and foreign investments and capital investments

### Dekpol Capital Group

Description	31.12.2023	31.12.2022
Land	20 441	19 061
Buildings and structures	56 887	59 249
Machines and technical devices	41 692	45 367
Vehicles	15 863	17 020
Other fixed assets	4 690	3 985
Fixed assets under construction	7 802	3 901
Advances in respect of fixed assets	1 045	171
<b>Net value of property, plant, and equipment</b>	<b>148 418</b>	<b>148 754</b>

### Dekpol S.A.

Description	31.12.2023	31.12.2022
Land	4 676	4 756
Buildings and structures	164	173
Machines and technical devices	6 763	4 933
Vehicles	731	1 108
Other fixed assets	723	506
Fixed assets under construction	3 173	1 965
Advances in respect of fixed assets	966	171
<b>Net value of property, plant, and equipment</b>	<b>17 196</b>	<b>13 611</b>

The value of fixed assets in the Dekpol Capital Group at the end of 2023 was PLN 148.42 million, similar to the amount in 2022. The Capital Group, focusing on continuous development, invests in its fixed assets, among other things. The Group's fixed assets are financed both with its own funds and with funds obtained from loans or bonds.

The value of fixed assets at Depol S.A. amounted to PLN 17.2 million at the end of 2023 and increased by PLN 3.59 million compared to the previous year.

## Major events and agreements from operational activities of the Group in financial year 2023 and after its end

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

On January 13, 2023, Depol Inwestycje - Sol Marina II Sp. z o.o. (Buyer) entered into a preliminary agreement with an entity outside the Depol 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 Depol 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 dated January 13, 2023.

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

On January 20, 2023, Depol 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 m<sup>2</sup>, for a net remuneration equivalent to approximately 2.6% of sales revenues of the Depol 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 m<sup>2</sup>, 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 Depol 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 have been completed in the first quarter of 2023. According to further arrangements of parties, the implementation of the second hall was completed in the first half of 2024.

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

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

On February 15, 2023, Depol 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 m<sup>2</sup>, 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 Depol 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 reports no. 6/2023 dated February 15, 2023, and no. 48/2023 dated December 15, 2023.

### **Conclusion of a construction contract in the Silesian Voivodeship**

On March 1, 2023, Depol 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 m<sup>2</sup>, 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 Depol 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 then about fulfillment of a suspensive condition, the Company announced in current reports no. 9/2023 dated March 21, 2023, and no. 10/2023 dated March 22, 2023.

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

On March 21, 2023, Depol 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 Depol 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 dated March 21, 2023.

### **Implementation of the PINO RESORT development project in Gdańsk**

On June 27, 2023, Depol Inwestycje - Turystyczna Sp. z o.o. commenced a new development project called PINO RESORT, involving construction of a complex of apartment buildings in Gdańsk on Sobieszewska Island at Turystyczna Street, along with accompanying infrastructure. The investment is being carried out on a land plot of approximately 3 hectares, which was acquired in March 2023 from an entity outside the Depol Capital Group based on a preliminary purchase agreement. The purchase price of the property was not significant from the perspective of Depol Group's financial position and results.

The PINO RESORT investment will be carried out in three stages. Within each stage, two buildings will be erected, accommodating respectively 61, 55, and 66 apartments with a total usable area of approximately 3,000 sqm, 1,800 sqm, and 2,700 sqm respectively. The expected revenue from the investment is currently estimated at approximately 10% of the Depol Capital Group's sales revenues for 2023. The first stage of the investment will be implemented by Depol Budownictwo Sp. z o.o. based on general construction agreement concluded on June 27, 2023. The completion of stage I is scheduled for the first quarter of 2025. Stage II will be completed in the first quarter of 2026, while the completion of the last stage is currently planned for the first quarter of 2027.

About execution of investment, the Company announced in current report no. 25/2023 dated June 27, 2023.

### **Conclusion of a general contracting agreement for a production plant in the Kujawsko-Pomorskie Voivodeship**

On July 21, 2023, Depol Budownictwo Sp. z o.o. (Contractor) concluded a general construction agreement with a third party (Ordering Party) for construction of a production facility with accompanying infrastructure in the Kujawsko-Pomorskie Voivodeship.

Under the agreement, the Contractor will carry out construction works and obtain the required permits, including the use permit for the investment. The remuneration for the works covered by the agreement was established as a lump sum net equivalent to approximately 6% of the Depol Capital Group's sales revenues for the year 2023. The deadline for completing all works specified in the agreement is set for the first quarter of 2025. The agreement provides for two stages of investment implementation, including Stage II, initially responsible for approximately 93% of the contract value, which was entrusted to the Contractor subject to its prior initiation by the Ordering Party. In September 2023, by virtue of an annex to the aforementioned agreement, part of the works from Stage II was shifted to Stage I, so Stage II currently accounts for 75% of the contract value. The agreement allows for the assignment of certain additional works to the Contractor. The agreement contains provisions regarding contractual penalties, including in the event of delays in project implementation or termination of the agreement for reasons attributable to the Contractor. The total amount of contractual penalties imposed by the Ordering Party under the agreement may not exceed 10% of the net remuneration. The Ordering Party is entitled to seek damages equivalent to the reserved contractual penalties on general terms.

On October 30, 2023, Depol Budownictwo Sp. z o.o. received confirmation from the Ordering Party to proceed with the implementation of Stage II of the investment.

The general construction agreement was concluded in execution of a letter of intent signed by the parties on July 11, 2023. The letter of intent expressed the willingness for further negotiations aimed at establishing the detailed conditions for the implementation of the investment within the proceedings conducted by the Ordering Party. The parties agreed that Depol Budownictwo Sp. z o.o. would commence the works covered by the investment based on the letter of intent, which served as the basis for the cooperation between the parties until the conclusion of the agreement.

About signing of the letter of intent, subsequent conclusion of the agreement, and initiation of Stage II implementation, the Company announced in current reports no. 30/2023 dated July 11, 2023, no. 33/2023 dated July 21, 2023, and no. 45/2023 dated October 30, 2023.

### **Obtaining a construction permit for the fourth stage of the estate of multi-family buildings under the project "Osiedle Pastelowe"**

On August 2, 2023, Depol Inwestycje Sp. z o.o. Pastelowa Sp. k. received a construction permit for the fourth stage of the residential multi-family building complex project "Osiedle Pastelowe," including underground garage halls, in Gdańsk, located at Pastelowa Street, issued by the President of the City of Gdańsk. The fourth stage of the investment involves construction of 5 residential buildings, comprising a total of 350 apartments with a combined usable area of approximately 15,000 square meters. The estimated revenue from the implementation of this stage is approximately net PLN 150 million. The fourth stage of the "Osiedle Pastelowe" investment will be completed and ready for use in the second quarter of 2025, with the first apartments being handed over to clients during the same period.

About reception of the permit, the Company announced in current report no. 38/2023 dated August 2, 2023.

### **Conclusion of a contract for the construction of storage and production halls in Swarozyn**

On November 30, 2023, Depol Budownictwo Sp. z o.o. received a mutually signed agreement with 7R Development Management Sp. z o.o. (a subsidiary of 7R S.A., the Ordering Party) for the execution, under the general contracting system in the "design and build" formula, of two warehouse-production halls with social-office facilities and accompanying infrastructure in Swarozyn, Tczew municipality. The agreement encompasses the development of project documentation, comprehensive construction, and installation works, and obtaining all required permits and approvals, including the final use permit. The investment was planned to be carried out in two stages, with the implementation of the second hall with an area of 13,000 square meters being optional. The Ordering Party was entitled to call for the second stage of the investment by April 2024. Ultimately, the Ordering Party did not exercise this right. The completion of the first hall with an area of 44,000 square meters is expected to occur in the second quarter of 2024. The flat-rate net remuneration for the execution of the investment in its current scope will amount to approximately 6% of sales revenues of the Issuer's Capital Group for 2023 (remuneration value in the contract was set at approximately 7% of sale revenues of the Issuer's Capital Group for 2023, with the second hall accounting for approximately 21% of this value) (converted at the euro exchange rate as of December 1, 2023). The Ordering Party has the right to exclude certain works from execution, as well as to entrust the Contractor with additional work. The agreement includes provisions regarding contractual penalties, including in case of delays in the execution of the Investment and the rectification of defects or deficiencies. The total amount of contractual penalties may not exceed 12% of the remuneration value. In the event of the Ordering Party's full or partial withdrawal from the Agreement, due to reasons attributable to the Contractor, the Contractor is obligated to pay the Ordering Party a contractual penalty equal to

12% of the remuneration value for the scope affected by the withdrawal. The Ordering Party is entitled to claim damages exceeding the reserved contractual penalties on general terms, up to the full amount of the incurred damage.

The general contracting agreement was concluded because of parties' arrangements on the key contract terms on September 4, 2023. At that time, the parties agreed that Dekpol Budownictwo Sp. z o.o. would commence the investment based on the agreements made and the site handover protocol signed on September 4, 2023.

About arrangement on the key contract terms, and subsequently about the conclusion of the agreement, the Company announced in current reports no. 42/2023 dated September 4, 2023, and no. 46/2023 dated December 1, 2023.

### **Conclusion of a preliminary agreement for acquisition of land property in Sopot**

On December 19, 2023, Dekpol Inwestycje - Sopot Sp. z o.o. entered into a preliminary agreement with an entity outside of the Dekpol Capital Group (Seller) for the purchase of a land property measuring approximately 2 hectares located in Sopot, along with project documentation. Pursuant to the preliminary agreement, the parties committed to concluding a promised purchase agreement for the property by June 2024. The net purchase price of the property will amount to approximately 22% of Dekpol S.A.'s equity at the end of 2023. The promised agreement will be concluded subject to the non-exercise of the right of first refusal by the Municipality of the City of Sopot. The provisions of the preliminary agreement, including those regarding the right to withdraw from the agreement, do not deviate from commonly used provisions in such transactions. The property was acquired for the purpose of increasing the land bank held by the Dekpol Capital Group and for future development investments.

About conclusion of the preliminary agreement, the Company announced in current report no. 49/2023 dated December 19, 2023.

### **Conclusion of a letter of intent on general contracting of investments in Pomeranian Voivodeship**

On January 8, 2024 (event after balance sheet date), Dekpol Budownictwo Sp. z o.o. signed a letter of intent with a third party (Ordering Party) confirming mutual interest in conclusion of a general contractor agreement for construction of a building comprising warehouse, production, technical, and office-social premises, in the Pomeranian Voivodeship. In the event of conclusion of a general contracting agreement, the completion date of the investment was specified in the letter of intent as the first quarter of 2025. The remuneration for the work was determined in the letter of intent as the net equivalent of approximately 5% of the Dekpol Capital Group's sales revenues for the year 2023. The letter of intent does not constitute a contract and is not binding. The parties are acting in good faith to conclude a general contracting agreement for the investment, defining final terms of its implementation by the end of May 2024. A condition for conclusion of the agreement is the acquisition by the Ordering Party or a party indicated by them of the land for the construction of the investment and obtaining a construction permit.

About signing of the letter of intent, the Company announced in current report no. 2/2024 dated January 8, 2024.

### **Conclusion of a construction contract for the implementation of an investment in Opolskie Voivodeship**

On March 11, 2024 (event after balance sheet date), Dekpol Budownictwo Sp. z o.o. (Contractor) entered into an agreement with a third party (Ordering Party) for the execution of construction works related to the implementation of an investment comprising the construction of an industrial facility in the Opolskie Voivodeship. Under the agreement, the Contractor will carry out construction works and detailed design projects for the construction of a production-warehouse facility with office-social facilities, site development, and technical infrastructure. The lump sum net remuneration for the Contractor for the implementation of the subject matter of the agreement amounts to the equivalent of approximately 8% of the sales revenues of the Dekpol Capital Group for the year 2023. The Ordering Party has the right to exclude certain works from the implementation, as well as to entrust the Contractor with the execution of additional works. The investment will be completed by the end of the first half of 2025.

The agreement includes provisions regarding contractual penalties, including in the event of delays attributable to the Contractor in the execution of the entire or key stages of the Investment, delays in rectifying defects, and the Ordering Party's withdrawal from the Agreement for reasons attributable to the Contractor. The total amount of contractual penalties may not exceed 12% of the value of the remuneration. The Ordering Party is entitled to claim supplementary damages exceeding the amount of contractual penalties, up to the actual amount of damage incurred, as well as for lost profits resulting from the Contractor's failure to meet the investment deadlines due to its fault.

The agreement was concluded because of the signing by the parties on March 4, 2024 (event after balance sheet date) of a letter of intent. The letter of intent confirmed the parties' willingness to conclude the agreement, with the condition that the conclusion of the agreement was subject to prior approval by the management board of the Ordering Party's controlling entity.

About signing of the letter of intent and then the conclusion of the agreement, the Company announced in current reports no. 8/2024 dated March 5, 2024, and no. 9/2024 dated March 11, 2024.

### **Arrangement of key terms and conditions of the contract for the construction of a and production hall in the Pomeranian Voivodeship**

On March 12, 2024 (event after balance sheet date), Depol Budownictwo Sp. z o.o. agreed with a third party (Ordering Party) on key terms of the contract to act as the general contractor for construction works, including construction of a warehouse-production hall with social-office facilities and accompanying infrastructure in the Pomeranian Voivodeship.

The investment will be carried out in two stages. Completion of the first part of the hall is scheduled for the third quarter of 2024, while the completion of the second part of the hall is optional, and confirmation of its implementation is expected by the end of June of this year. The net remuneration for the execution of the investment has been set at approximately 5% of the revenue from sales of the Issuer's Capital Group for 2023, with the second stage accounting for approximately 56% of the contract value (converted at the euro exchange rate on March 12, 2024).

The parties agreed that Depol Budownictwo Sp. z o.o. will commence the investment based on the above agreements and the protocol of handing over the construction site signed on March 12, 2024. As of the publication date of this report, negotiations are ongoing between the parties regarding the final content of the construction works contract.

About arrangement of key contract terms, the Company announced in current report no. 10/2024 dated March 12, 2024.

### **Conclusion of a construction contract for the implementation of a warehouse in Kujawsko-Pomorskie Voivodeship**

On March 28, 2024 (event after balance sheet date), Depol Budownictwo Sp. z o.o. (the Contractor) entered into an agreement with a third party (Ordering Party) to act as the general contractor for construction works involving construction of a warehouse building with social-office facilities, along with land development and necessary infrastructure, in the Kujawsko-Pomorskie Voivodeship.

The subject of the Agreement includes comprehensive execution of the investment, including construction and assembly works, detailed designs, all necessary documentation, and obtaining use permit for the investment. The net lump-sum remuneration for the Contractor for the execution of the investment amounts to approximately 10% of revenues from sales of the Depol Capital Group for the year 2023. The Ordering Party has the right to exclude certain works from the execution, as well as to assign additional works to the Contractor. The investment will be completed in the fourth quarter of 2024.

The Agreement contains provisions regarding contractual penalties, including in the event of delays attributable to the Contractor in the execution of the Investment or its stages, as well as in the rectification of defects or faults. In the event of termination or withdrawal from the Agreement by the Ordering Party due to reasons attributable to the Contractor, the contractual penalty amounts to the equivalent of 10% of the lump-sum remuneration. The total amount of contractual penalties due to each party from all titles may not exceed 10% of the contractual remuneration. The Ordering Party is entitled to claim damages exceeding the amount of contractual penalties.

The Agreement was concluded because of signing of a letter of intent by the parties on March 22, 2024 (event after balance sheet date). The letter of intent confirmed the parties' intention to enter into agreement and contained the basic terms of investment's implementation, which were agreed upon by the parties during the negotiations.

About signing of the letter of intent, and subsequently on the conclusion of the Agreement, the Company announced in current reports no. 12/2024 dated March 22, 2024, and no. 13/2024 dated March 28, 2024.

### Information about sales of apartments in the first quarter of 2024

Preliminary information regarding the activities of the Dekpol Capital Group in the property development segment in the first quarter of 2024 (period after balance sheet date):

- number of sold units: 115 units compared to 93 units sold in the first quarter of 2023 (based on signed reservation, real-estate development, and preliminary agreements),
- the number of units to be recognized in the financial results of the Group: 104 units compared to 108 units recognized in the first quarter of 2023.

As of March 31, 2024, the total number of units offered for sale by the Group amounted 625 apartments.

In the first quarter of 2024, the Group primarily conducted sales in the following developments:

- Grano Marina Hotel - a building with a total of 130 service premises, located in Wiślinka near Sobieszewska Island, part of the "Sol Marina stage I investment",
- Sol Marina stage II - a complex of 15 apartment buildings with a total of 127 commercial premises, located in Wiślinka near Sobieszewska Island,
- Sol Marina stage III - a complex of 16 apartment buildings with a total of 140 commercial premises, located in Wiślinka near Sobieszewska Island,
- Baltic Line - apartment building with a total of 60 commercial premises, located on the Sobieszewska Island,
- Baltic Porto - apartment building with a total of 72 service premises, located on the Sobieszewska Island,
- Osiedle Pastelowe, stage IIb- 2 residential buildings with a total of 125 residential premises, located in Gdańsk,
- Osiedle Pastelowe stage III - 1 residential building with a total of 78 residential premises, located in Gdańsk,
- Neo Jasień stage I - 2 residential buildings with a total of 104 residential premises, located in Gdańsk,
- Neo Jasień stage II- 2 residential buildings with a total of 98 residential premises, located in Gdańsk,
- Trimare stage I - 9 residential buildings with a total of 189 residential premises, located in Sztutowo,
- Osiedle Kociewskie stage III - 3 residential buildings with a total of 141 residential premises, located in Rokitki near Tczew,
- Granaria - 1 apartment building with a total of 126 apartment units located on Granary Island in Gdańsk,
- Pino Resort stage I – 2 apartment buildings with a total of 61 commercial premises, located on the Sobieszewska Island.

In the first quarter of 2024, final use permits were issued for two residential, multi-family buildings comprising 125 apartments included in the "Osiedle Pastelowe Stage IIb" project in Gdansk (as of March 31, 2024, approximately 94% of the apartments had been sold).

About results of sales of apartments in the first quarter of 2024. the Company announced in current report no. 14/2024 dated April 11, 2024.

### Conclusion of the promised agreement for the transfer of rights to a real estate in Wrocław

On April 12, 2024 (event after balance sheet date), Dekpol Inwestycje sp. z o.o. Braniborska sp.k (the Seller) entered into a promised sale agreement with an institutional investor (the Buyer), whereby the Seller sold and the Buyer purchased a property located in Wrocław at Braniborska Street, along with a completed investment, for which the parties signed a final acceptance protocol. The property comprises a multi-level residential building with a total area of approximately 18,000 square meters, including accompanying infrastructure, for a net total price equivalent to approximately 11% of the revenues from sales of the Dekpol Capital Group for the year 2023. According to the preliminary agreement, over 90% of the price was paid by the Buyer in the form of advances before the conclusion of the promised agreement. The preliminary agreement for the implementation and sale of the residential project in Wrocław was concluded in 2021. The implementation of the aforementioned project has been completed.

About conclusion of the preliminary agreement, the Company announced in current report no. 11/2021 dated March 9, 2021, while conclusion of the promised agreement was announced in current report no. 15/2024 dated April 12, 2024.

### **Commencement of real-estate development project in Warsaw at Prądzińskiego Street**

On April 19, 2024 (event after balance sheet date), Depol Inwestycje sp. z o.o. WBH sp.k. commenced implementation of a property development project located at Prądzińskiego Street in Warsaw.

The investment involves construction of a residential building with services on the ground floor, along with necessary accompanying infrastructure. The project includes construction of 369 apartment units with a total usable area of approximately 11,500 square meters, as well as 6 service units with a total usable area of approximately 730 square meters. The estimated value of expected revenues from the implementation of the investment is equivalent to approximately 15% of revenues from sales of the Depol Capital Group for the year 2023. The handover of the first units and the completion of the entire investment will be finalized in the fourth quarter of 2025. Depol Budownictwo Sp. z o.o. is the general contractor for the investment and based on the protocol of handover of the construction site signed on April 19, 2024, it has commenced the implementation of the investment.

About the acquisition of the perpetual usufruct right to the aforementioned property, the Issuer announced in current report no. 16/2018 dated March 20, 2018, while obtaining construction permit was announced in current report no. 30/2019 dated October 9, 2019, with subsequent modifications aimed at adapting to changing market conditions and planned activities of the Issuer. The current construction permit allows for the implementation of the investment with parameters mentioned above.

About commencement of the investment implementation, the Company announced in current report no. 16/2024 dated April 19, 2024.

## **Other events and agreements in business activities of the Group**

### **Conclusion of annexes to orders from CTP Invest Poland Sp. z o.o.**

In January 2023, it has been concluded annexes to two orders placed under the framework agreement from April 2022 for construction works with CTP Invest Poland Sp. z o.o., involving implementation of production and warehouse buildings in locations of Łomna-Las and Zabrze, about which the Company announced in current reports no. 20/2022 dated April 5, 2022, and no. 23/2022 dated April 14, 2022, and then in the annual Report for 2022 published on April 28, 2023. Under the annexes, the parties agreed to change the deadline for the completion of works to the first quarter of 2023 (previously: December 2022). The work has been completed. The net flat-rate remuneration for the implementation of both orders amounted to approximately 12% of revenues from sales of the Depol Capital Group for the year 2023.

### **Purchase of a ground property in Sopot**

On January 30, 2023, Depol Inwestycje Sopotcka 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 Depol Group.

### **Construction permit for a project located in Starogard Gdański**

In April 2023, Depol Inwestycje Starogard Korytybska Sp. z o.o. obtained a construction permit issued by the Starosty of Starogard for the construction of a residential complex as part of the "Osiedle Chabrowe" project, along with above-ground parking, in Starogard Gdański on Korytybska Street. The investment involves the construction of 2 residential buildings, comprising 130 apartments with tenant storage units, totaling approximately 6,000 square meters of usable area. The estimated revenue from implementation of the investment is around 3% of Depol Group's sales revenue for 2023. As of the publication date of this Report, it is estimated that the "Osiedle Chabrowe" investment will be completed and ready for occupancy in the third quarter of 2027, with the first units handed over to customers during the same period. The investment expenditures will be financed partly from own funds and partly from external capital.

### **Reception of use permit for Grano Sol Marina hotel**

In July 2023, Depol Inwestycje Sp. z o.o. Sol Marina Sp.k. received the use permit issued by the Powiatowy Inspektor Nadzoru Budowlanego in the Poviact of Gdańsk for the use of a multi-apartment apartment building with infrastructure included in the first stage of the Sol Marina project in Wislinka near Sobieszewska Island.

**Reception of use permit for the second stage of Sol Marina project**

In August 2023, Depol Inwestycje Sp. z o.o. Sol Marina Sp. k. received the use permit issued by the Powiatowy Inspektor Nadzoru Budowlanego in the Poviats of Gdansk for the use of fifteen apartment buildings with infrastructure included in the second stage of the Sol Marina project, located in Wislinka near Sobieszewska Island.

**Conclusion of a preliminary agreement for the purchase of land property in Milanówek**

In August 2023, Depol Deweloper Sp. z o.o. entered into a preliminary agreement, based on which, upon fulfillment of conditions precedent specified in the agreement, it will acquire a land property with an area of approximately 1.4 hectares in Milanówek. The purchase price does not represent a significant value from the perspective of Depol Group's financial position and results. The land will be purchased for the Group's land bank.

**Reception of use permit for the second stage of the investment "Osiedle Pastelowe"**

On February 19 (event after balance sheet date) Depol Inwestycje Sp. z o.o. Pastelowa Sp. k. received the use permit issued by the Powiatowy Inspektor Nadzoru Budowlanego in the Poviats-City of Gdańsk for the use of two buildings under construction as a part of the Osiedle Pastelowe Stage II located in Gdańsk at Pastelowa Street.

## Loans and borrowings

In the period from January 1 to December 31, 2023, Dekpol Capital Group companies entered into new agreements, under which the following loans were taken:

Company name	Bank name / name of the lender	Transaction type	Amount granted (in thousand PLN)	Currency	Interest	Total debt as at 31.12.2023 (in thousands of PLN)	Currency	Contractual repayment date
Dekpol Inwestycje Sp. Z o.o. Pastelowa Sp. K <sup>1</sup>	mBank S.A.	Working capital loan	30 400	PLN	WIBOR 1M+margin	14 675	PLN	2025-05-30
Dekpol Budownictwo Sp. z o.o. <sup>2</sup>	Santander Bank S.A.	Overdraft facility (under the multiline agreement)	10 000	PLN	WIBOR 1M/EURIBOR1M+ margin	0	PLN	2024-02-14

<sup>1</sup> As of the date of publication of this report, the debt has been repaid and the agreement has been terminated at the request of the borrower.

<sup>2</sup> As of the date of publication of this report, the agreement was amended regarding the available limit and the term. According to the signed annex, the credit was increased to PLN 10 million, and the current term is February 2025. The limit is available for use in PLN and EUR currency.

During the period from January 1 to December 31, 2023, the Dekpol Capital Group concluded the following loan agreements ahead of schedule upon the borrower's request:

Company name	Bank name / name of the lender	Transaction type	Amount granted (in thousand PLN)	Currency	Interest	Contractual repayment date	Actual termination date of the agreement
Dekpol Steel Sp. z o.o.	Citi Bank Handlowy S.A.	Trade loan	5 000	PLN	WIBOR 3M/EURIBOR 3M+ bank's margin	indefinitely	2023-12-27

List of loans and borrowings from Dekpol S.A. as of December 31, 2023, has been presented in note 12.4 of the Separate Financial Statement of Dekpol S.A.

List of loans and borrowings of the Dekpol Capital Group as of December 31, 2023, has been presented in note 11.2 of the Consolidated Financial Statement of Dekpol S.A.

**In the period from January 1 to December 31, 2023, companies from the Dekpol Capital Group granted and incurred the following intra-group loans:**

Company name	Name of the lender	Transaction type	Amount limit (in thousand PLN)	Interest	Currency	Debt in nominal value as of 31.12.2023 (in thousands)	Contractual repay- ment date	Actual repayment date /completion of the loan agreement
Dekpol S.A.	Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k.	Borrowing	8 000	WIBOR 3M+ margin	PLN	8 000	2026-06-27	-
Dekpol S.A.	Dekpol Inwestycje- Trimare Sp. z o.o.	Borrowing	20 000	WIBOR 3M+ margin	PLN	20 000	2026-06-27	-
Dekpol S.A.	Dekpol Inwestycje Sp. z o.o. Neo Jasień Sp.k.	Borrowing	3 400	WIBOR 3M+ margin	PLN	3 400	2026-06-27	-
Dekpol S.A.	Dekpol Deweloper Sp. z o.o.	Borrowing	18 600	WIBOR 3M+ margin	PLN	18 600	2026-06-27	-
Dekpol S.A.	Intek Sp. z o.o.	Borrowing	2 000	WIBOR 3M+ margin	PLN	2 000	2026-06-27	-
Dekpol S.A.	Dekpol Capital Sp. z o.o.	Borrowing	5 700	WIBOR 3M+ margin	PLN	5 700	2025-02-13	-
Dekpol Deweloper Sp. z o.o.	Dekpol Inwestycje Sol Ma- rina II Sp. z o.o.	Borrowing	9 110	WIBOR 6M + margin	PLN	8 720	2025-12-31	-
Dekpol Deweloper Sp. z o.o.	Dekpol Inwestycje Sopocka Sp. z o.o.	Borrowing	2 776	WIBOR 6M + margin	PLN	2 436	2025-12-31	--
Dekpol Deweloper Sp. z o.o.	Dekpol Inwestycje Sopot Sp. z o.o.	Borrowing	4 770	WIBOR 6M + margin	PLN	4 770	2025-12-31	-
Dekpol Deweloper Sp. z o.o.	Dekpol Inwestycje Tury- styczna Sp. z o.o.	Borrowing	15 300	WIBOR 6M + margin	PLN	15 300	2025-12-31	-
Dekpol Inwestycje Sp. z o.o. Sol Ma- rina Sp. k	Dekpol Inwestycje Sp. z o.o. Pastelowa Sp. k	Borrowing	1 000	WIBOR 6M + margin	PLN	1 000	2025-12-31	-
Dekpol Inwestycje Sp. z o.o. Sol Ma- rina Sp. k	Dekpol Inwestycje Tury- styczna Sp. z o.o.	Borrowing	1 000	WIBOR 6M + margin	PLN	600	2025-12-31	-
Dekpol Inwestycje Sp. z o.o. Sol Ma- rina Sp. k	Dekpol Inwestycje Sp. z o.o. WBH Sp. k	Borrowing	1 000	WIBOR 6M + margin	PLN	710	2025-12-31	-
Dekpol Inwestycje Sp. z o.o. Brani- borska Sp. k	Dekpol Inwestycje Starogard Sp. z o.o.	Borrowing	12 200	WIBOR 6M + margin	PLN	12 200	2025-12-31	-

Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp. k	Dekpol Inwestycje Sopot Sp. z o.o.	Borrowing	2 000	WIBOR 6M + margin	PLN	2 000	2025-12-31	-
Dekpol Inwestycje Sp. z o.o. Neo Jasioń Sp. k	Dekpol Deweloper Sp. z o. o.	Borrowing	2 300	WIBOR 6M + margin	PLN	2 300	2025-12-31	-
Dekpol Pszenna Sp. z o.o. sp.k. <sup>1</sup>	Dekpol Deweloper Sp. z o. o.	Borrowing	1 000	WIBOR 6M + margin	PLN	1 000	2025-12-31	-

<sup>1</sup> As of the date of publication of this Report, the contract has been completed

As of December 31, 2023, the total nominal balance of intragroup loans granted by Dekpol Group companies was PLN 328,749 thousand, including loans granted by Dekpol S.A. in the total amount of PLN 144,282 thousand and Dekpol Deweloper Sp. z o.o. in the total amount of PLN 101,002 thousand, and other companies in the total amount of PLN 83,435 thousand. In 2023, companies of the Dekpol Group did not grant or take loans with entities outside the Group.

In 2023, the companies from the Dekpol Capital Group have not terminated any loan or borrowing agreements.

## Selected major loan agreements

### **Annex to the multi-purpose premium credit line of a subsidiary company with BNP Paribas Bank Polska S.A.**

On January 16, 2023, Dekpol Budownictwo Sp. z o.o. entered into an annex to the September 2021 multi-purpose premium credit line agreement with BNP Paribas Bank Polska S.A., under which it was entitled to use the multi-purpose line in the amount of PLN 40 million (previously PLN 30 million), available until January 16, 2024.

Subsequently, on February 8, 2024 (event after balance sheet date), another annex to the aforementioned agreement was concluded, whereby the amount of the multi-purpose credit line limit was increased to PLN 50 million, and the availability period of the credit line was extended until January 2025. According to the annex, within the multi-purpose credit line, Dekpol Budownictwo Sp. z o.o. may use the credit in PLN or EUR current account, PLN guarantee line, and PLN letter of credit line. The interest rate on the credit granted under the multi-purpose line is determined by a variable interest rate equal to the WIBOR/EURIBOR 1M rate plus bank's margin. Under the guarantee line, various guarantees may be issued: bid, performance of the contract, defects and deficiencies removal, payments, lease contract performance, and advance refund. Various securities typical for credit agreements, including the Issuer's guarantee, mortgage established on the Issuer's land properties, and other securities, secure all obligations of Dekpol Budownictwo arising from the agreement. The agreement specifies obligations during its validity period, including maintaining the debt ratios of the Issuer's Capital Group at specified levels. The annex contains formal and legal conditions, the fulfillment of which was necessary to increase the limit under the Agreement.

About conclusion of the annex to the multi-purpose credit line agreement, the Company announced in current report no. 6/2024 dated February 8, 2024.

### **Factoring agreement of a subsidiary company with Santander Faktoring Sp. z o.o.**

On January 26, 2023, Dekpol Steel Sp. z o.o. entered into a factoring agreement with Santander Faktoring Sp. z o.o., under which it can utilize a factoring limit of PLN 2.2 million. Initially, the company was entitled to use the limit until October 31, 2023. In October 2023, the agreement was extended until December 2023, and then the term of the agreement was extended several times (in December 2023, January, and February 2024), as a result of which, as of the publication date of this report, the agreement is valid until January 31, 2025.

### **Multiline agreement and annex to subsidiary agreement with Santander Bank Polska S.A.**

On February 28, 2023, Dekpol Budownictwo Sp. z o.o. entered into a multi-line agreement with Santander Bank Polska S.A. Under the agreement, the subsidiary was authorized to utilize, within the limit of PLN 55 million, a current account credit and a guarantee line available until February 14, 2024.

Subsequently, on February 14, 2024 (event after balance sheet date), an annex to the aforementioned agreement was concluded, based on which the limit of the multi-line was increased to PLN 85 million, and the period of its availability was extended until February 2025. According to the annex, within the multi-line, Dekpol Budownictwo Sp. z o.o. can use a current account credit and a guarantee line in PLN or EUR. The interest rate on the credit granted under the multi-line is determined based on a variable interest rate equal to the WIBOR/EURIBOR 1M rate plus bank's margin. Within the guarantee line, guarantees such as performance, warranty, advance payment, and refund guarantees can be issued. The collateral for all obligations arising from the agreement includes the issuer's guarantee, KUKE S.A. guarantee, general cash deposit, and other typical credit agreement securities. The agreement specifies obligations during its validity period, including maintaining the debt ratios of the Issuer's Capital Group at specified levels.

About conclusion of the annex to the multi-line agreement, the Company announced in current report no. 7/2024 dated February 14, 2024.

### **Annexes to the subsidiary's framework agreement with mBank S.A.**

On March 7, 2023, Dekpol Budownictwo Sp. z o.o. entered into an annex with mBank S.A. to the framework agreement from March 2022, whereby the limit of the line for financing Dekpol Budownictwo Sp. z o.o.'s current operations was increased to PLN 50 million (previously PLN 30 million). According to the annex, Dekpol Budownictwo Sp. z o.o. could utilize revolving credits (sublimit up to PLN 50 million) and contract guarantees (sublimit up to PLN 20 million) in PLN and EUR, within the line made available until December 2023 (the line's validity period also serving as the repayment term for the credits).

On August 7, 2023, another annex to the aforementioned framework agreement was concluded, extending the availability period of the line until July 2024. Within this line, Depol Budownictwo Sp. z o.o. can utilize revolving credits (sublimit up to PLN 50 million) and contract guarantees (sublimit up to PLN 30 million) in PLN and EUR. The interest rate for revolving credits is equal to the WIBOR/EURIBOR 1M rate plus bank's margin. The agreement includes formal-legal conditions, the fulfillment of which was necessary to increase the limit, as well as obligations during the validity period of the agreement, including maintaining debt ratios at specified levels. The collateral for the bank's receivables arising from the agreement includes, among others, a consolidated contractual mortgage on land properties and other typical securities for credit agreements.

About conclusion of the annexes to the agreement, the Company announced in current reports no. 7/2023 dated March 7, 2023, and no. 39/2023 dated August 7, 2023.

#### **Annex to subsidiary's bank overdraft agreement with PKO BP S.A.**

On April 18, 2023, 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.

Subsequently, on April 25, 2024 (event after balance sheet date), Intek concluded another annex to the aforementioned agreement with bank PKO BP S.A. Based on the annex, the term of the agreement was changed. The limit is available until April 27, 2025.

#### **Annex to subsidiary's bank overdraft agreement with PKO BP S.A.**

On April 18, 2023, 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.

#### **Annex to subsidiary's factoring limit agreement with PKO Faktoring S.A.**

On July 21, 2023, Depol Budownictwo Sp. z o.o. concluded with PKO Faktoring S.A. an annex to the factoring limit agreement. The annex increased the available limit from PLN 18 million to PLN 30 million. The limit is available for an indefinite period.

#### **Subsidiary's working capital loan agreement with mBank S.A.**

On July 25, 2023, Depol Inwestycje Sp. z o.o. Pastelowa sp.k. entered into a working capital loan agreement with mBank S.A., for the financing and refinancing of expenses related to the implementation of the development project called "Osiedle Pastelowe - stage IIB" in Gdańsk, at Pastelowa Street. The loan was granted in the amount of PLN 30.4 million with the loan repayment date set for May 30, 2025.

Subsequently, on March 18, 2024 (event after balance sheet date), the debt was repaid, and the agreement was terminated at the request of the borrower.

#### **Conclusion by subsidiary company of an annex to the agreement with PKO BP S.A.**

On November 14, 2023, Depol Steel Sp. z o.o. entered into an annex to the multicurrency credit limit agreement from November 2021 with Bank Powszechna Kasa Opieki Bank Polski S.A. According to the annex, the company is authorized to use the limit until November 16, 2026 (previously November 2023), and the available amount remains unchanged at PLN 20 million.

#### **Annexes to subsidiary's multi-purpose credit limit agreements with PKO BP S.A.**

On December 15, 2023, Depol Budownictwo Sp. z o.o. entered into an annex to the multicurrency credit agreement from April 2019 with Powszechna Kasa Oszczędności Bank Polski S.A., as a result of which the credit limit provided under the agreement was increased by PLN 72 million, to a total of PLN 90 million. Within the provided credit limit, sub-limits were granted for the current account credit up to PLN 6 million for financing current obligations, revolving working capital credit up to PLN 55 million for financing general contracting contracts, and bank guarantees issued to secure obligations and revolving credit for repayment of disbursements from guarantees up to PLN 55 million. The limit can be utilized in PLN or EUR currencies. The credit limit was granted until November 2026.

The interest rate on the credit is determined based on variable interest rate equal to the WIBOR/EURIBOR 3M rate, plus bank's margin. Collateral for the bank's receivables arising from the Agreement includes, among others, collective contractual mortgage on

the land property, a guarantee provided by Bank Gospodarstwa Krajowego, and other collateral typical for credit agreements. The Agreement contains formal and legal conditions, compliance with which was necessary to increase the limit, as well as commitments during the term of the Agreement, including maintaining debt ratios at specified levels.

In connection with the increase in the limit mentioned above, the parties signed an annex to the multicurrency credit limit agreement in the amount of PLN 50 million, concluded in June 2022 with availability until June 2024. Under the annex, the credit limit resulting from this agreement was reduced by PLN 37 million, to a total of PLN 13 million.

About conclusion of the annexes, the Company announced in current report no. 47/2023 dated December 15, 2023.

### Subsidiary's working capital loan agreement with a consortium of banks

On April 26, 2024, Depol Inwestycje Sp. z o.o. Rokitki sp.k. entered into a revolving credit agreement with a consortium of banks (Bank Spółdzielczy in Sztum, Bank Spółdzielczy in Malbork, Bank Rumia Spółdzielczy, and Bank Spółdzielczy in Białogard) to finance and partially refinance the costs associated with the construction of a property for sale - the implementation of a development project under the name "Osiedle Kociewskie – stage III" in Rokitki. The credit was granted in the amount of approximately PLN 25.9 million. The repayment date of the credit was set for June 30, 2025.

## Sureties and guarantees

In 2023, the Company and its subsidiaries received and granted sureties within the Depol Capital Group.

The value of guarantees received and granted within the Depol Capital Group in 2023 amounted to PLN 357.09 million, of which Depol S.A. granted guarantees in the amount of approximately PLN 356.9 million and did not receive any guarantees. Guarantees granted within the Depol Capital Group mainly concerned guarantees for financial obligations.

In 2023, the Group companies did not receive any sureties from unrelated entities or did not grant sureties for unrelated entities.

### Received and granted guarantees in 2023 in the Depol Capital Group

Guarantee type	Granted (in PLN thousand)	Received (in PLN thousand)
Contractual - insurance guarantee	102 218	23 157
Contractual - bank guarantee	61 422	15 387
PLG-FGP BGK guarantee	0	85 000
<b>Total</b>	<b>163 640</b>	<b>123 544</b>

### Received and granted guarantees in 2023 in Depol S.A.

Guarantee type	Granted (in PLN thousand)	Received (in PLN thousand)
Contractual - insurance guarantee	0	3 075
Contractual - bank guarantee	0	3 900
PLG-FGP BGK guarantee	0	0
<b>Total</b>	<b>0</b>	<b>6 975</b>

## Selected significant agreements on granting guarantees

The information regarding the guarantee lines held under the multi-purpose credit limit agreements has been described in this Report under the Loans and Borrowings section.

Below are described the other significant agreements for providing guarantees.

### Annex to the insurance guarantee agreement

On June 27, 2023, Depol S.A. entered into an annex with CREDENDO - GUARANTEES \_ SPECIALITY RISKS SOCIÉTÉ ANONYME to the agreement for providing insurance guarantees under the granted guarantee limit, increasing the amount of the available limit. According to the annex, the guarantee limit, within which guarantees can be provided, was established up to a maximum of EUR 18 million, equivalent to approximately PLN 80.3 million at the average exchange rate of the NBP on June 28, 2023 (the previous limit amounted PLN 46 million). The agreement was concluded in 2021. Under the agreement, insurance guarantees for payment of earnest money, proper performance of the contract/agreement, proper rectification of defects or deficiencies, and advance payment refunds can be issued. Guarantees can be issued for companies specified in the agreement from the Issuer's Capital Group. The limit is renewable. The agreement is concluded for an indefinite period. Among the securities for claims arising from the agreement are, among others, blank promissory notes issued by the Issuer along with promissory note declarations.

About conclusion of the annex to the agreement, the Company announced in current report no. 26/2023 dated June 28, 2023.

### Annex to agreement regarding contract insurance guarantee

On August 9, 2023, Depol S.A. concluded an annex with Korporacja Ubezpieczeń Kredytów Eksportowych S.A. (KUKE) to the agreement for providing insurance contract guarantees, increasing the amount of the available guarantee limit. According to the annex, the amount of the renewable limit, within which guarantees can be provided, was set at PLN 70 million (the previous limit amounted PLN 50 million). The agreement was concluded in 2016. Based on the agreement, insurance guarantees for tender payment, proper contract execution, proper defect and deficiency rectification, and advance payment refunds can be issued. Guarantees can also be issued for Depol Budownictwo Sp. z o.o. The agreement is concluded for an indefinite period. Among the securities for claims arising from the agreement are, among others, blank promissory notes along with promissory note declarations.

About conclusion of the annex to the agreement, the Company announced in current report no. 40/2023 dated August 9, 2023.

### Annex to the agreement on cooperation in providing insurance guarantees with Sopockie Towarzystwo Ubezpieczeń ERGO Hestia S.A.

In October 2023, Depol S.A. and Depol Budownictwo Sp. z o.o. entered into an annex with Sopockie Towarzystwo Ubezpieczeń ERGO Hestia S.A., increasing the amount of the guarantee limit provided under the agreement concluded in 2008 regarding cooperation in the provision of insurance guarantees. According to the annex, the total guarantee amount for all guarantees issued under the agreement cannot exceed PLN 86 million (previously PLN 70 million). The remaining provisions of the agreement remain unchanged. Based on the agreement, insurance guarantees for tender payment, proper contract execution, proper defect and deficiency rectification, and advance payment refunds can be issued. The limit is renewable. The agreement is concluded for an indefinite period.

About conclusion of the annex, the Company announced in current report no. 44/2023 dated October 27, 2023.

### Contract of mandate for the provision of insurance guarantees with Powszechny Zakład Ubezpieczeń S.A.

In February 2024 (event after balance sheet date), Depol S.A. entered into a contract with Powszechny Zakład Ubezpieczeń S.A. for the periodic provision of contractual insurance guarantees. According to the concluded agreement, the provided limit amounts PLN 40 million. Within the provided limit, the Issuer and its subsidiary, Depol Budownictwo, may issue insurance guarantees for payment of earnest money, guarantees for proper performance of the contract, guarantees for proper rectification of defects and deficiencies, as well as guarantees for refund of advances. The contract is valid until February 2025.

### Insurance guarantee agreement with Tokio Marine Europe S.A.

In April 2024 (event after balance sheet date), Dekpol S.A. entered into a contract with Tokio Marine Europe S.A. for the provision of insurance guarantees. According to the concluded agreement, the provided limit amounts PLN 45 million. Within the provided limit, Dekpol S.A. and Dekpol Budownictwo Sp. z o.o. may issue insurance guarantees for payment of earnest money, guarantees for proper performance of the contract, guarantees for proper rectification of defects and deficiencies, as well as guarantees for refund of advances, and other types of guarantees accepted by the guarantor. The limit is renewable, and the duration of the contract is indefinite.

### Annex to guarantee line agreement with Zurich Insurance plc

On April 22, 2024 (event after balance sheet date), a mutually signed annex to the guarantee line agreement concluded in December 2020 by Dekpol S.A. and Dekpol Budownictwo Sp. z o.o. with Zurich Insurance plc Niederlassung für Deutschland based in Frankfurt am Main was received by Dekpol S.A. Under the annex, the amount of the guaranteed limit provided under the agreement was increased to EUR 12.5 million (previously EUR 8.25 million). According to the agreement, within the renewable guarantee line, tender guarantees, advance payment guarantees, guarantees for proper performance of the contract, guarantees for rectification of defects or deficiencies, as well as counter-guarantees and other accepted types of guarantees may be granted. Guarantees issued under the agreement are valid for a period not exceeding 72 months from the date of issuance. Claims related to the agreement are secured by blank promissory notes together with a promissory note declaration and a statement of submission to execution. The agreement specifies the obligations of the principal, including maintaining the economic and financial situation at a specified level. The agreement was concluded for an indefinite period with a thirty-day notice period.

About conclusion of the annex, the Company announced in current report no. 17/2024 dated April 22, 2024.

## Financial instruments

In 2023, Dekpol S.A. and the Dekpol Capital Group had financial resources, including equity and funds from bonds, loans, and borrowings.

The following types of financial risks are significant in business activities of the Dekpol Capital Group:

- **Interest Rate Risk** - in the course of the Dekpol Capital Group's business operations, there is exposure to interest rate risk. The companies have financial obligations, the financial cost of which is primarily calculated based on the variable base interest rate WIBOR or EURIBOR and a fixed margin. In addition, companies in the Capital Group also have financial obligations, the financial cost of which is calculated based on a fixed interest rate. Derivative instruments such as CAP and IRS are used within the Group to hedge against interest rate risk.
- **Foreign Exchange Risk** - companies within the Dekpol Capital Group are exposed to foreign exchange risk due to transactions conducted in currencies other than the domestic currency. Such risk arises from companies engaging in sales or purchases in currencies other than the domestic currency. Within the Group, natural hedging is extensively utilized, resulting in the balancing of currency flows. Additionally, derivative instruments such as Forward (FX) contracts are used within the Dekpol Capital Group to hedge against foreign exchange risk, primarily in the context of general contracting agreements.
- **Credit Risk** - companies within the Dekpol Capital Group are exposed to credit risk, understood as the risk that debtors will not fulfill their obligations, thereby causing losses to the company. Through ongoing monitoring of receivables and undertaking debt collection actions, the company's exposure to the risk of uncollectible receivables is limited. In the sale of residential and commercial units, the risk of uncollectible receivables does not occur as sales are made with down payments. However, in case of construction services, the Group partially receives advance payments for services rendered and settles them in stages according to the construction work schedule.
- **Liquidity Risk** - the Group is exposed to the risk of liquidity loss, understood as the risk of losing the ability to settle obligations within specified timeframes. This risk arises from potential restrictions on access to financial markets, which may result in inability to obtain new financing or refinance debt. Additionally, the risk pertains to potential breaches of covenants in credit agreements or terms of bonds issuances, which may trigger obligations to become immediately due and payable. The Group enters into credit agreements to finance investments with various banks. The repayment terms of successive installments are adjusted to the anticipated proceeds from the sales of individual investments. Furthermore, the Group issues bonds. The Group manages liquidity risk by monitoring payment deadlines and cash needs for short-term payments (current transactions) and long-term cash requirements based on cash flow forecasts updated quarterly. Cash needs are compared with available sources

of funds (including especially through 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 explanatory notes to the annual individual and consolidated financial statements. A detailed specification of the values of significant components of financial liabilities is also included there.

The assets held enable the full fulfillment of financial obligations without the risk of financial illiquidity. Both the Issuer and its subsidiaries maintain financial liquidity and continuously settle their obligations. Management Board of Depol S.A. positively assesses the liquidity of the Issuer and the entire Capital Group and sees no threats to it.

## **Transactions with affiliates**

In 2023, the issuer and its subsidiaries did not conclude any transactions with affiliates on terms other than market terms.

## **Factors and events, including unusual character, affecting business activities and financial statements**

In 2023, there were no factors or events other than those described in other sections of this Report, including those of an unusual nature, which had a significant impact on operations or results of the Company and the Group, as well as on the separate or consolidated financial statements.

## 4. Economic and financial results of the company Depol S.A.



# Economic and financial results of the company Depol S.A.

## Preparation principles of a separate financial statement

Financial statement of Depol S.A. for 2023 was prepared in accordance with International Accounting Standards and International Financial Reporting Standards and related interpretations announced in the form of European Commission regulations (hereinafter referred to as IFRS).

Financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future. The statement presents financial position of the Company as of December 31, 2023, and December 31, 2022, results achieved on business operations of the Company and cash flow for the 12 months ended December 31, 2023, and December 31, 2022.

Report of Management Board of Depol S.A. on business activities for 2023 was prepared in accordance with the requirements of the Regulation of the Minister of Finance of March 29, 2018, on current and periodic information provided by issuers of securities and on consideration as equivalent the information required by law of the countries outside the EU (consolidated text: Dz. U. z 2018 poz. 757).

## Current and predicted financial position of Depol S.A.

### Analysis of financial position

#### CALCULATION VARIANT

Description	01.01.-31.12.2023	01.01.-31.12.2022
Sales revenues	54 518	276 201
Own selling costs	42 213	262 706
<b>Gross profit (loss) from sales</b>	<b>12 306</b>	<b>13 495</b>
Selling costs	252	484
General administrative expenses	10 192	8 009
Other operating income	6 524	5 191
Profit from a bargain purchase	0	0
Other operating expenses	2 429	1 940
<b>Operating profit (loss)</b>	<b>5 956</b>	<b>8 254</b>
Share In profit (loss) of entities accounted using the equity method	0	0
Financial revenues	35 721	11 816
Financial expenses	29 590	18 576
<b>Profit (loss) before tax</b>	<b>12 087</b>	<b>1 494</b>
Income tax	-291	286
Profit (loss) from continuing operations	12 378	1 208
<b>Net profit (loss)</b>	<b>12 378</b>	<b>1 208</b>

Other comprehensive income that cannot be transferred to the result	0	0
Other comprehensive income that can be transferred to the result	-563	29
Exchange differences on translating foreign units	0	0
Other comprehensive income before tax	-563	29
Income tax on other comprehensive income that cannot be transferred to the result	0	0
Income tax on other comprehensive income that can be transferred to the result	0	0
Other net comprehensive income	-563	29
<b>Comprehensive income</b>	<b>11 815</b>	<b>1 237</b>

The Company's sales revenues in 2023 amounted to PLN 54.51 million, which was lower than in 2022, resulting from the change in the structure of the Depol Capital Group, i.e., the allocation of operational segments to subsidiaries and the execution of holding functions by Depol S.A. The company achieved an operating profit of PLN 5.96 million, compared to PLN 8.25 million in previous year. The decrease in operating profit was due to the completion in 2022 of the last contract under the general contracting activity due to the transitional period and formal reasons. In 2023, the Company generated a net profit in the amount of PLN 12.38 million, compared to PLN 1.2 million in 2022. EBITDA reached PLN 8.6 million in 2023.



**Net profit of Depol S.A. for 2023 amounted to PLN 12,38 million.**

## Analysis of material position

Description	31.12.2023	31.12.2022
<b>Fixed assets</b>	<b>399 255</b>	<b>378 988</b>
Property, plant, and equipment	17 196	13 611
Investment properties	31 766	31 754
Goodwill	0	0
Intangible assets	7 291	6 565
Stocks and shares	232 704	232 694
Trade and other long-term receivables	5 582	6 916
Other long-term financial assets	101 444	83 353
Deferred income tax assets	3 272	4 094
<b>Current assets</b>	<b>131 393</b>	<b>231 506</b>
Inventory	9 619	10 398
Receivables due to contracts with clients	0	0
Trade and other short-term receivables	21 324	120 845
Receivables due to current income tax	792	0
Other short-term financial assets	43 678	80 715
Cash and cash equivalents	55 979	19 548
including cash on escrow accounts	542	0
Current assets other than fixed assets or disposal groups classified as held for sale	131 393	231 506
<b>Assets classified as held for sale</b>	<b>0</b>	<b>0</b>

Assets in total	530 647	610 494
<b>Description</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>Equity</b>	<b>300 412</b>	<b>288 679</b>
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	-534	29
<b>Retained earnings:</b>	<b>266 274</b>	<b>253 978</b>
<b>The result of the current year</b>	<b>12 378</b>	<b>1 208</b>
<b>Other equities</b>	<b>0</b>	<b>0</b>
<b>Liabilities</b>	<b>230 235</b>	<b>321 815</b>
<b>Long-term liabilities</b>	<b>164 318</b>	<b>148 048</b>
Deferred income tax provision	14 981	15 290
Liabilities and provisions on employee benefits	51	41
Other long-term provisions	0	0
Long-term credits, borrowings, and debt instruments	146 177	131 035
Other long-term financial liabilities	0	0
Long-term lease liabilities	2 552	846
Liabilities from deliveries and services and other long-term liabilities	555	836
Other long-term liabilities	555	836
<b>Short-term liabilities</b>	<b>65 918</b>	<b>173 767</b>
Liabilities and provisions on employee benefits	1	1
Other short-term provisions	1 972	1 842
Short-term credits, borrowings, and debt instruments	52 110	55 530
Other short-term financial liabilities	1 112	0
Short-term lease liabilities	1 059	777
Liabilities due to contracts with clients	0	0
Trade liabilities and other short-term liabilities	9 665	115 042
Liabilities due to current income tax	0	574
Short-term liabilities other than those related to assets held for sale	65 918	173 767
Liabilities related to assets held for sale	0	0
<b>Total liabilities</b>	<b>530 647</b>	<b>610 494</b>

The Company's assets at the end of 2023 amounted to PLN 530.65 million, which was lower than at the end of 2022 by PLN 79.85 million, i.e., by approximately 13%. The decrease in the total value of assets is primarily due to the reduction in value of current assets in the Company. The value of the Company's fixed assets at the end of 2023 was PLN 399.25 million, which was similar to the value from the previous year. The share of fixed assets in the total balance amounted to 75% compared to 62% at the end of 2022.

Current assets at the end of 2023 amounted to PLN 131.39 million compared to PLN 231.51 million at the end of 2022. This decrease is mainly due to the reduction in the volume of short-term receivables and other short-term financial assets. The largest part of the current asset structure is cash (43% of current assets), which as of December 31, 2023, amounted to nearly PLN 55.98 million, increasing by PLN 36.43 million compared to 2022. Other short-term financial assets amounted to PLN 43.68 million, decreasing by approximately 46% compared to the previous year. Short-term receivables amounted to PLN 21.32 million, significantly decreasing by 82.3% compared to the previous year, constituting 16% of current assets.

The company's equity at the end of 2023 amounted to PLN 300.41 million, increasing by PLN 11.73 million compared to 2022. Total liabilities decreased compared to the previous year by PLN 91.58 million and amounted to PLN 230.24 million at the end of December 2023. Long-term liabilities increased by approximately 11% compared to 2022, while short-term liabilities significantly decreased by 62%, amounting to PLN 65.92 million at the end of December 2023.

## Cash flow analysis

Description	01.01.-31.12.2023	01.01.-31.12.2022
<b>Profit (loss) before tax</b>	<b>12 087</b>	<b>1 494</b>
<b>Adjustments:</b>	<b>-8 015</b>	<b>53 784</b>
Depreciation	2 649	2 318
Change of fair value of investment properties	0	0
Change in fair value of financial assets (liabilities) measured through profit	0	0
Cash flow hedging instruments transferred from capital	0	0
Revaluation write-offs recognized in the financial result	0	0
Profit (loss) on the sale of fixed assets	-562	-360
Profits (losses) from foreign exchange differences	335	-181
Interest expenses	26 416	17 312
Interest revenues	-22 976	-8 153
Revenues from dividends	-10 000	0
Income tax on profit before tax	0	0
Change in inventories	779	2 127
Change in receivables	100 918	-7 551
Change in liabilities	-105 714	48 812
Change in reserves	140	-538
Cash flow from activities (used in activities)	<b>4 071</b>	<b>55 278</b>
Income tax paid	-513	-789
<b>Net cash from operating activities</b>	<b>3 559</b>	<b>54 489</b>
Expenses related to acquisition of intangible assets	-887	-1 390
Inflows from sales of intangible assets	0	0
Expenses related to acquisition of property, plant, and equipment	-2 803	-2 214
Inflows from sales of property, plant, and equipment	773	137
Expenses related to acquisition of investment properties	0	-378
Inflows from sales of investment properties	0	0
Net expenses for the acquisition of subsidiaries	-10	-16 205
Net inflows from the sale of subsidiaries	0	15 936
Expenses for the acquisition of other financial assets	0	-50
Inflows from the sale of other financial assets	736	0
Loans granted	-61 092	-66 633
Repayments received from loans granted	70 446	11 478
Interest received	25 580	3 966
Dividends received	10 000	0

<b>Cash flow resulting from the decrease (increase) in the value of short-term deposits and investments</b>	0	0
<b>Net cash from investment activities</b>	<b>42 743</b>	<b>-55 354</b>
Net inflows from issue of shares	0	0
Inflows from issue of debt securities	69 942	29 835
Other inflows (expenses) from financial activities	0	-1 100
Inflows from received grants	0	0
Redemption of debt securities	-52 228	0
Inflows from loans and borrowings taken out	0	12 800
Repayment of loans and borrowings	-1 676	-20 832
Repayment of liabilities under finance lease	-1 264	-741
Interest paid	-24 645	-14 151
Dividends paid	0	0
<b>Net cash from financial activities</b>	<b>-9 871</b>	<b>5 811</b>
<b>Change in net cash and cash equivalents</b>	<b>36 431</b>	<b>4 946</b>
Cash and cash equivalents at the beginning of the period	19 548	14 602
<b>Cash and cash equivalents at the end of the period</b>	<b>55 979</b>	<b>19 548</b>
Including cash of limited disposal right	542	0

Cash flows from operating activities in 2023 amounted to PLN 3.55 million. Cash flows from investing activities amounted to PLN 42.74 million, while cash flows from financing activities in 2023 amounted to PLN -9.87 million. As a result, the cash balance increased from PLN 19.55 million at the end of 2022 to PLN 55.98 million at the end of 2023.

## Key financial and non-financial ratios

Ratio	Recommended	2023	2022	Change
Profitability of sales Profit on sales*/sales revenues	Max	3,42%	1,81%	+1,60p.p.
Gross profitability of sales Gross profit/ sales revenues	Max	22,17%	0,54%	+21,63p.p.
Net profitability of sales Net profit / sales revenues	Max	22,70%	0,44%	+22,27p.p.
Profitability of net assets Net profit/assets	Max	2,33%	0,20%	+2,13p.p.
Return on equity net Net profit/share capital	Max	4,12%	0,42%	+3,70p.p.
Current liquidity Current assets/short-term liabilities	1,4-2,0	1,99	1,33	+0,66
Quick liquidity Current assets – inventories / short-term liabilities	0,8-1,0	1,85	1,27	+0,58
Debt to equity Net debt**/ equity	Max 1,1	0,49	0,58	-0,09

\* profit on sales = gross profit on sales - selling costs - general administrative costs

\*\* Net debt = interest-bearing financial liabilities (loans, borrowings, debt securities, finance leases) - cash and cash equivalents

In this section, the financial situation of the Company has been presented using the so-called APM as defined in the ESMA Guidelines ("Alternative Performance Measurements (APM)" - 05/10/2015 ESMA / 2015 / 1415en). The ratios presented in the table above were calculated by the Company on the basis of data from the financial statements. However, APMs are not financial data prepared in accordance with the International Accounting Standards, are not audited and may not be comparable to indicators presented by

other companies, and therefore are only illustrative and provide only additional information about the financial position. Companies. The Company presents APM measures in the scope presented in the table above, because they are standard indicators used in financial analysis, and therefore they constitute useful information for potential buyers of securities issued by the Company, which information, together with data from the financial statements, will allow for a comprehensive assessment of the situation financial company. In 2023, the Company did not change the methodology for determining the ratios, therefore the ratios are comparable to 2022.

The financial ratios are at safe levels, confirming that the Company's operations are conducted while maintaining good profitability, liquidity, and solvency, however, in the face of economic and political risks, one should consider the probability of their fluctuations in future periods. The changes in the indicators are a derivative of the change in the Group's structure - separation of operating segments into subsidiaries and the implementation by Depol S.A. of holding functions.

Key performance ratios of non-financial aspects are presented in the Report on non-financial information of the Depol Capital Group for the year 2023.

## Projections of financial results

Depol S.A. did not publish projections of the Company's financial results for 2023.

## Dividend policy

The recommendation by the Management Board of the possible payment of a dividend for a given year includes the covenants specified in the terms of bond issue and loan agreements, according to which the payment of dividend may not exceed 30% of the consolidated net profit and is based each time on the analysis of financial possibilities taking into account the development strategy of the Issuer, including first of all, striving to expand operational capabilities.

In financial year 2023, Depol S.A. did not paid any dividend.

## Issue of securities

### II Bonds Issue Programme

On April 24, 2023, the Polish Financial Supervision Authority (KNF) approved the Base Prospectus for the II Bonds Issue Programme of Depol S.A., which consequently brought into effect the II Bonds Issue Programme (PEO II) established by the resolution of Company's Management Board in December 2022. Under PEO II, the Company was authorized to issue bonds in accordance with Article 33, point 1 of the Act of January 15, 2015, on Bonds. In total, bonds with a total nominal value not exceeding PLN 150 million could be issued, in one or more series, within 12 months from the date of KNF's prospectus approval. Bonds could be issued both as unsecured and secured. The interest on bonds could be variable or fixed, and bond payments could be solely monetary. Subsequent series of bond issuances were to be made based on resolutions of the Company's Management Board determining final terms of each series, including, in particular, the currency of the bonds, issue price, separate and total nominal value of the bonds, maturity date, interest rate, interest periods, and the procedures for introducing the bonds of each series to trading on a selected regulated market or alternative trading system Catalyst.

About the II Bonds Issue Programme, the Company announced in current report no. 13/2023 dated April 24, 2023.

### Issue of P2023A-series bonds within II Bonds Issue Programme

On June 2, 2023, Management Board of Depol S.A. adopted a resolution regarding issuance, under PEO II, of up to 40,000 of P2023A-series bearer bonds with a nominal value of PLN 1,000 each and a total nominal value of up to PLN 40,000,000. The bond

issuance was conducted based on the prospectus in the form of a public offering within the meaning of the provisions of the Act of July 29, 2005, on Public Offering (...). The subscription for bonds took place from June 5 to June 19, 2023.

On June 20, 2023, the Krajowy Depozyt Papierów Wartościowych S.A. (KDPW) issued a statement regarding conclusion of an agreement with the Company for registration of securities in the securities deposit under the ISIN code PLDEKPL00149, for up to 40,000 of P2023A-series bonds of the Company. The condition for the registration of bonds was their admission to trading on a regulated market.

On June 22, 2023, Management Board of Depol S.A. adopted a resolution for preliminary allocation of 40,000 P2023A-series bearer bonds with a nominal value of PLN 1,000 each and a total nominal value of PLN 40,000,000. The allocation of P2023A-series bonds was conditional upon final settlement of bond acquisition transactions within the issuance system of KDPW. The bonds were issued based on Article 33(1) of the Bond Act. The bonds were issued at an issue price of PLN 996 (for subscriptions submitted by June 11<sup>th</sup> of this year) per bond and PLN 998 (for subscriptions submitted after this date) per bond. The total nominal value of the allocated bonds was approximately PLN 39.9 million. The subscription reduction rate was 11.2%. The bonds were allocated to 709 investors. The bonds carry a variable interest rate of 5.50% + WIBOR 3M on an annual basis. Bond interest is paid every 3 months. The bonds are unsecured. The maturity date of the bonds is June 27, 2026. The bondholder has the right to demand early redemption of the bonds under standard circumstances specified in Term and Conditions of Bonds Issue, including, among others, if the Depol Capital Group exceeds certain leverage ratios. The Company may demand early redemption of the bonds on any interest payment date, paying a premium ranging from 0-1% of the nominal value of the bonds subject to redemption, depending on the date of the redemption request.

On June 23, 2023, Management Board of the Warsaw Stock Exchange (GPW) adopted a resolution regarding admission of 40,000 bonds of the Company, of P2023A-series, to trading on the Catalyst primary market, effective from the registration of these bonds by KDPW. The adoption of the aforementioned resolution fulfilled the condition for registering bonds in KDPW. On June 27, 2023, the Company received information about final settlement of bonds by KDPW, thus the issuance of P2023A-series bonds came into effect. On June 28, 2023, Management Board of GPW adopted a resolution to introduce 40,000 bonds of the Company, of P2023A-series, for trading on the primary market with effect from June 30, 2023, designated by KDPW under the code "PLDEKPL00149" and to list the aforementioned bonds in the continuous trading system under the short name "DEK0626". Additionally, Management Board of GPW set the date for the last listing of the aforementioned bonds to June 22, 2026.

The proceeds from the issuance of bonds will be allocated to finance current business operations of the Depol Capital Group.

About issuance of P2023A-series bonds, the Company announced in current reports no. 16/2023 dated June 2, 2023, no. 18/2023 dated June 20, 2023, no. 19/2023 dated June 22, 2023, no. 20/2023 dated June 23, 2023, no. 23/2023, no. 24/2023 dated June 27, 2023, and no. 27/2023 dated June 30, 2023.

### **Issue of P2023B-series bonds within II Bonds Issue Programme**

On July 4, 2023, Management Board of Depol S.A. adopted a resolution regarding the issuance of up to 30,000 of P2023B-series bearer bonds with a nominal value of PLN 1,000 each and a total nominal value of up to PLN 30,000,000. The bond issuance was conducted within the framework of the II Bonds Issue Programme, based on the prospectus in the form of a public offering within the meaning of the provisions of the Act of July 29, 2005, on public offering (...). The subscription for bonds took place from July 5 to July 14, 2023.

On July 12, 2023, KDPW issued a statement confirming conclusion of an agreement with the Company for the registration in the deposit of securities under the ISIN code PLDEKPL00156, for up to 30,000 bearer bonds of series P2023B of the Company. The condition for the registration of bonds was their admission to trading on the regulated market.

On July 19, 2023, Management Board of Depol S.A. adopted a resolution regarding the initial allocation of 30,000 bearer bonds of P2023B-series with a nominal value of PLN 1,000 each and a total nominal value of PLN 30,000,000. The allocation of P2023B-series bonds was made subject to the suspensive condition of final settlement of bond acquisition transactions within the framework of the issuance in the KDPW system. The bonds were issued based on Article 33(1) of the Bond Act. The bonds were issued at the issue price equal to the nominal value. The subscription reduction rate was 23.45%. The bonds were allocated to 485 investors. The bonds carry a variable interest rate of 5.50% + WIBOR 3M on an annual basis. Bond interest is paid every 3 months. The bonds are unsecured. The redemption of the bonds will take place on June 27, 2026. The bondholder has the right to demand early redemption of bonds in standard cases specified in Terms and Conditions of Bonds Issue, including, among others, in the event of the Depol Capital Group exceeding certain debt ratios. The Company may demand early redemption of the bonds on any interest payment date by

paying a premium of 0-1% of the nominal value of the bonds subject to redemption, depending on the date of submission of the request.

On July 21, 2023, Management Board of the Warsaw Stock Exchange (GPW) adopted a resolution regarding the admission of 30,000 bonds of P2023B-series of the Company for trading on the Catalyst primary market, with the registration of these bonds by KDPW. The adoption of the aforementioned resolution constituted the fulfillment of the condition for the registration of bonds in KDPW. On July 24, 2023, KDPW completed final settlement of bonds, thus the issuance of P2023B-series bonds took place. On July 26, 2023, Management Board of GPW adopted a resolution to introduce 30,000 bonds of P2023B-series of the Company for trading on the primary market of the Warsaw Stock Exchange, effective from July 28, 2023, identified by KDPW with the code PLDEKPL00156, and to list the aforementioned bonds in the continuous trading system under the short name DKP626. Additionally, the GPW Management Board set the last trading date for the aforementioned bonds as June 22, 2026.

The proceeds from the issuance of the bonds will be allocated to finance the ongoing business activities of the Depol Capital Group.

About events related to the issuance of P2023B-series bonds, the Company announced in current reports no. 28/2023 dated July 4, 2023, no. 31/2023 dated July 18, 2023, no. 32/2023 dated July 19, 2023, no. 34/2023 dated July 21, 2023, no. 35/2023, no. 36/2023 dated July 24, 2023, and no. 37/2023 dated July 27, 2023.

### Launch of bonds issue programme

On March 20, 2024 (event after balance sheet date), Management Board of Depol S.A. adopted a resolution regarding the launch of a bonds issue programme with a total nominal value not exceeding PLN 400 million. The nominal value of one bond will be PLN 1,000. Bonds will be issued in one or more series. The final issuance of bonds under the programme may be conducted no later than December 31, 2026.

The bonds will be issued in accordance with provisions of Article 33, paragraph 1 of the Act of January 15, 2015, on bonds, whereby, in accordance with applicable law, preparation of a prospectus or information memorandum will not be required. The resolution of Company's Management Board regarding launch of bonds issue programme stipulates that bonds will be issued as unsecured bonds, the interest rate on bonds will be variable or fixed, and benefits from bonds will be solely monetary. The bonds will be introduced to the alternative trading system organized by the Warsaw Stock Exchange S.A. as a part of the Catalyst market.

The issuance of individual series of bonds will be carried out each time under separate resolutions of the Company's Management Board, specifying detailed parameters of issuance of bonds. The Company is entitled to carry out multiple issuances under the programme up to the total amount of issued and unredeemed bonds equal to PLN 400 million, along with their redemption, regardless of their quantity and size, provided that the total nominal value of unredeemed bonds and those for which an issuance order has been placed does not exceed PLN 400 million.

About the launch of a bonds issue programme, the Company announced in current report no. 11/2024 dated March 20, 2024.

## Evaluation of the Company's financial resources management

The management of the Depol's financial resources should be considered as correct. The financial position is stable, as evidenced by financial data presented and additional information in the form of liquidity, profitability, and debt ratios provided in this Report.

Due to changes in structures of the Depol Capital Group in recent years, the company's available funds are primarily used to support current business operations of its subsidiaries and to repay current financial obligations.

The company is capable to meet its obligations, and as of the publication date of this Report, it does not foresee any future threats in this regard. All risk factors and threats have been described in this Report and in the company's financial statements.



**Financial position is stable.**

# 5. Economic and financial results of the Depol Capital Group



# Economic and financial results of the Depol Capital Group

## Preparation principles of consolidated financial statement

Financial statement of Depol S.A. for 2023 was prepared in accordance with International Accounting Standards and International Financial Reporting Standards and related interpretations announced in the form of European Commission regulations (hereinafter referred to as IFRS).

Financial statement has been prepared on the assumption that the Group will continue as a going concern in the foreseeable future. The statement presents financial position of the Capital Group as of December 31, 2023, and December 31, 2022, the results achieved on business operations of the Group and cash flow for 12 months ended December 31, 2023, and December 31, 2022.

Report of Management Board on business activities of the Company and the Depol Capital Group for 2023 was prepared in accordance with requirements of the Regulation of March 29, 2018, of the Minister of Finance on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the law of a non-member state (uniform text: Journal of Laws of 2018, item 757).



Our main priority remains maintaining the safety and financial stability of the Depol Group, which serve as the foundation for further development. Thanks to this, we are well prepared for both opportunities and market challenges.

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

## Current and predicted financial situation of the Depol Capital Group

### Analysis of financial position

#### CALCULATION VARIANT

Description	01.01.-31.12.2023	01.01.-31.12.2022
Sales revenues	1 568 829	1 386 848
Own selling cost	1 343 012	1 182 208
<b>Gross profit (loss) from sales</b>	<b>225 817</b>	<b>204 640</b>
Selling costs	51 096	45 272
General administrative expenses	46 941	38 958
Other operating revenues	20 044	19 616
Profit from a bargain purchase	0	7 076

Other operating expenses	31 947	19 976
<b>Operating profit (loss)</b>	<b>115 877</b>	<b>120 050</b>
Financial revenues	35 285	13 597
Financial expenses	34 264	35 760
<b>Profit (loss) before tax</b>	<b>116 897</b>	<b>97 887</b>
Income tax	26 531	18 978
Profit (loss) from continuing operations	90 366	78 909
Profit (loss) from discontinued operations	0	0
<b>Net profit (loss)</b>	<b>90 366</b>	<b>78 909</b>
Total income attributable to non-controlling shareholders	1 034	118
<b>Total income attributable to shareholders of the parent entity</b>	<b>89 332</b>	<b>78 791</b>

The experiences gained in the past turbulent years paid off in a relatively calmer market environment, which the Dekpol Group was able to translate into achieved financial results. As a result, in 2023, the Group achieved its highest level of sales revenues and net profit.

Sales revenues reached nearly PLN 1,568.83 million, representing an increase of approximately PLN 181.98 million compared to 2022 (a growth of over 13%). General administrative and sales costs amounted to PLN 98.04 million compared to PLN 84.23 million in 2022. At the level of operating profit, the Group generated approximately PLN 116.90 million in profit compared to PLN 120.05 million in previous year. The main factor driving the Group's revenue growth was increased sales in the general contracting segment and the property development segment. Actions in general contracting segment to develop a high level of specialization in industrial projects and consistently implement the established strategy yielded tangible results. In the property development segment, the Group achieved a high and satisfactory level of sales revenues. In the production segment of accessories for construction machines, despite a difficult market situation in the second half of the year, intensive efforts were made to optimize processes and create a stable customer portfolio.

The net profit at the end of 2023 amounted to PLN 90.37 million, representing a record net profit for the Dekpol Capital Group and an increase of PLN 11.46 million compared to 2022 (an increase of over 14%). The EBITDA of the Dekpol Capital Group at the end of 2023 reached PLN 132.13 million.



**Sales revenues amounted to nearly PLN 1,569 million and increased by approximately PLN 182 million compared to 2022, while the net profit of the Group amounted PLN 90.37 million.**

## Analysis of material position

Description	31.12.2023	31.12.2022
<b>Fixed assets</b>	<b>294 106</b>	<b>286 954</b>
Property, plant, and equipment	148 418	148 754
Intangible assets	7 122	6 745
Goodwill	0	0
Investment properties	86 019	85 496
Stocks and shares	5 746	40
Trade and other long-term receivables	6 836	17 583
Other long-term financial assets	4 782	4 281

Deferred income tax assets	35 183	24 055
<b>Current assets</b>	<b>1 248 691</b>	<b>1 122 473</b>
Inventory	393 695	399 696
Receivables due to contracts with clients	17 918	14 770
Trade receivables and other short-term receivables	519 882	459 990
Receivables due to current income tax	1 251	409
Other short-term financial assets	23 128	18 150
Cash and cash equivalents	292 817	229 458
including cash on escrow accounts	28 278	12 724
<b>Current assets other than fixed assets or disposal groups classified as held for sale</b>	<b>1 248 691</b>	<b>1 122 473</b>
Assets classified as intended for sale	0	0
<b>Assets in total</b>	<b>1 542 797</b>	<b>1 409 427</b>

Description	31.12.2023	31.12.2022
<b>Equity</b>	<b>577 863</b>	<b>476 961</b>
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	17 390	7 572
Retained earnings:	505 843	415 793
<b>Equity attributable to shareholders of the parent entity</b>	<b>557 905</b>	<b>458 037</b>
Non-controlling shares	19 958	18 924
<b>Liabilities</b>	<b>964 934</b>	<b>932 466</b>
<b>Long-term liabilities</b>	<b>292 859</b>	<b>277 136</b>
Deferred income tax provision	31 851	28 631
Liabilities and provisions on employee benefits	422	334
Other long-term provisions	0	0
Long-term credits, borrowings, and debt instruments	203 235	184 922
Other long-term financial liabilities	0	0
Long-term lease liabilities	<b>23 843</b>	<b>19 689</b>
Liabilities from deliveries and services and other long-term liabilities	33 509	43 560
<b>Short-term liabilities</b>	<b>672 075</b>	<b>655 330</b>
Liabilities and provisions on employee benefits	1 070	368
Other short-term provisions	100 439	51 267
Short-term credits, borrowings, and debt instruments	113 976	123 443
Other short-term financial liabilities	1 112	0
Short-term lease liabilities	7 228	6 560
Liabilities due to contracts with clients	41 690	27 565
Liabilities from deliveries and services and other short-term liabilities	382 786	425 825
Liabilities due to current income tax	23 774	20 302
<b>Short-term liabilities other than those related to assets held for sale</b>	<b>672 075</b>	<b>655 330</b>

Liabilities connected to assets intended for sale	0	0
<b>Liabilities in total</b>	<b>1 542 797</b>	<b>1 409 427</b>

The value of the Group's assets at the end of 2023 amounted to over PLN 1,5428 million, which was higher by over PLN 137.37 million compared to 2022, mainly due to an increase in current assets by around PLN 126.22 million

The asset structure still indicates significant flexibility - fixed assets account for about 19% (compared to 20% at the end of 2022) of the Group's total assets. The value of the Group's fixed assets at the end of 2023 amounted to PLN 294.11 million, which was similar to the value of fixed assets at the end of 2022.

Current assets at the end of 2023 amounted to PLN 1,248.69 million, indicating an increase of approximately PLN 126.22 million compared to the end of 2022. Inventories represent 32% of current assets, compared to 36% the previous year; nominally, the value of inventories was PLN 393.69 million on December 31, 2023, which means they were at a similar level compared to the end of 2022. Meanwhile, receivables accounted for 42% of current assets and increased by PLN 59.89 million compared to 2022. At the end of 2023, the Group recorded a significant increase in cash and cash equivalents, with their balance at the end of 2023 increasing by PLN 63.36 million compared to the 2022 level, reaching PLN 292.82 million. Cash and cash equivalents accounted for 23% of current assets compared to 20% the previous year.

Equity in the Depol Capital Group at the end of 2023 amounted to PLN 577.86 million, increasing by over PLN 100.90 million compared to the end of 2022, representing a growth of approximately 21%. Total liabilities accounted for 63% of total liabilities in the Group. Of this, over 44% of total liabilities were short-term liabilities, with their nominal value as of December 31, 2023, amounting to PLN 672.08 million, increasing by PLN 16.75 million compared to the previous year. Long-term liabilities accounted for approximately 19% of the total liabilities at the end of 2023, with their nominal value reaching PLN 292.86 million, representing an increase of nearly 6% compared to the previous year.



**The equity value at the end of 2023 amounted to PLN 577.86 million, which indicates an increase compared to the end of 2022 of approximately PLN 101 million.**

## Cash-flow analysis

### INDIRECT METHOD

Description	01.01.-31.12.2023	01.01.-31.12.2022
<b>Profit (loss) before tax</b>	<b>116 897</b>	<b>97 887</b>
Adjustments:	13 382	20 549
Depreciation	16 202	15 519
Change of fair value of investment properties	-569	-510
Change in fair value of financial assets (liabilities) measured through result	0	0
Cash flow hedging instruments transferred from capital	0	
Revaluation write-offs recognized in the financial result	-294	0
Profit (loss) on the sale of fixed assets	-622	-419
Profits (losses) due to exchange rate differences	-2 483	-5 426
Interest expenses	35 256	32 750
Interest receivables	-679	-358
Dividend receivables	0	0

Income tax on profit before tax	0	-747
Other adjustments	0	593
Change in inventories	-15 230	-133 310
Change in receivables	-79 588	167 713
Change in liabilities	<b>8 207</b>	-21 066
Change in reserves	53 182	-34 190
<b>Cash flow from activities (used in activities)</b>	<b>130 279</b>	<b>118 436</b>
Income tax paid	-33 200	-15 655
<b>Net cash from operating activities</b>	<b>97 079</b>	<b>102 781</b>
Expenses related to acquisition of intangible assets	-887	-1 468
Inflows from sales of intangible assets	0	0
Expenses related to acquisition of property, plant, and equipment	-6 814	-6 627
Inflows from sales of property, plant, and equipment	1 360	2 397
Expenses related to acquisition of investment properties	0	-12 507
Inflows from sales of investment properties	0	0
Net expenses for the acquisition of subsidiaries	<b>0</b>	-16 206
Net inflows from acquisition of subsidiaries	2	0
Loans granted	0	0
Repayments received from loans granted	3 957	0
Interest received	1 243	30
Expenses related to acquisition of other financial assets	-5 730	0
Inflows from sales of other financial assets	736	0
Other inflows (outflows) from investing activities	0	0
<b>Net cash from investment activities</b>	<b>-6 133</b>	<b>-34 381</b>
Net inflows from issue of shares	0	0
Purchase of own shares	<b>0</b>	0
Inflows from issue of debt securities	69 942	29 835
Redemption of debt securities	-52 228	-25 622
Inflows from loans and borrowings taken out	<b>118 756</b>	51 437
Repayment of loans and borrowings	-122 731	-48 829
Repayment of liabilities under finance lease	-6 932	-6 987
Interest paid	-34 563	-27 332
Dividends paid	0	0
Inflows from received grants	0	0
Other inflows (expenses) from investment activities	23	-1 402
<b>Net cash from financial activities</b>	<b>-27 733</b>	<b>-28 900</b>
Change in net cash and cash equivalents without exchange differences	63 213	39 500
Change in cash and cash equivalents due to exchange differences	146	-669
<b>Net change in cash and cash equivalents</b>	<b>63 359</b>	<b>38 831</b>
Cash and cash equivalents at the beginning of the period	229 458	190 627
<b>Cash and cash equivalents at the end of the period</b>	<b>292 817</b>	<b>229 458</b>
Including cash of limited disposal right	29 529	13 625

Cash flows from operating activities in 2023 amounted to PLN 97,08 million, compared to PLN 102,78 million in 2022.

Net cash flows from investment activities amounted to PLN -6,13 million in 2023, compared to PLN -34,38 million in 2022.

Net cash flows from financial activities amounted PLN -27.73 million in 2023, compared to PLN -28.90 million in 2022.

The generated cash flows resulted in an increase in the cash balance at the end of 2023 compared to 2022 by 63.4 million PLN.



**The generated cash flows resulted in an increase in the cash balance at the end of 2023 compared to 2022 by 63.4 million PLN, reaching a value of PLN 292.82 million.**

## Significant off-balance sheet items

Type of guarantee - Balance as of 31.12.2023	Granted (in thousands of PLN)	Received (in thousands of PLN)
Contractual - insurance guarantee	225 328	24 254
Contractual - bank guarantee	90 430	15 387
Guarantee PLG-FGP BGK	-	112 300
<b>Total:</b>	<b>315 758</b>	<b>151 941</b>

Other	Limit (in PLN thousand)	Balance as of 31.12.2023 (thousands of PLN)
Full factoring BFF Polska SA	14 000	0
Full factoring BFF Polska SA	4 000	0
<b>Total:</b>	<b>18 000</b>	<b>0</b>

## Key financial and non-financial ratios

Ratio	Recommended	2023	2022 <sup>1</sup>	Change
Profitability of sales Profit on sales*/sales revenues	Max	8,14%	8,68%	-0,54p.p.
Gross profitability of sales Gross profit/ sales revenues	Max	7,45%	7,06%	+0,39p.p.
Net profitability of sales Net profit / sales revenues	Max	5,76%	5,69%	+0,07p.p.
Profitability of net assets Net profit/assets	Max	5,86%	5,60%	+0,26p.p.
Net return on equity Net profit / equity	Max	15,64%	16,54%	-0,91p.p.
Current liquidity Current assets / short-term liabilities	1,4-2,0	1,86	1,71	+0,15
Quick liquidity	0,8-1,0	1,27	1,10	+0,17

Current assets – inventories / short-term liabilities				
Debt to EBITDA				
Net debt **/EBITDA***	Max 4,5	0,43	0,78	-0,35
Debt to equity				
Net debt**/ equity	Max 1,1	0,1	0,22	-0,12

<sup>1</sup>Ratios converted based on adjusted data

\* Profit on sales = gross profit on sales - selling costs - general administrative expenses

\*\* Net debt = interest-bearing financial liabilities (loans, borrowings, debt securities, finance leases) - cash and cash equivalents

\*\*\*EBITDA = Operating profit plus depreciation (in the last twelve months)

In this section, the financial position of the Group has been presented using the so-called alternative performance measurements as defined in the ESMA Guidelines ("Alternative Performance Measurements (APM)" - 05/10/2015 ESMA / 2015 / 1415en). The ratios presented in the table above were calculated by the Company based on data from the consolidated financial statement. However, APMs are not financial data prepared in accordance with the International Accounting Standards, are not audited and may not be comparable to indicators presented by other companies, and therefore are only illustrative and provide only additional information about the financial position of the Group. The Group presents APM measures in the scope presented in the table above, because they are standard indicators used in financial analysis, and therefore they constitute useful information for potential buyers of securities issued by the Company, which information, together with data from the financial statements, will allow for a comprehensive assessment of the situation financial group. In 2023, the Company did not change the methodology for determining the ratios, therefore the ratios are comparable to 2022.

Key performance ratios of non-financial aspects are presented in the Report on non-financial information of the Depol Capital Group for the year 2023.

The financial ratios are at safe levels, confirming that the dynamic development of the Group is conducted while maintaining good profitability, liquidity, and solvency, however, in face of economic and political risks, one should consider the probability of their fluctuations in future periods.

Historically, the Depol Group has been characterized by a higher level of indebtedness, which was associated with rapid business growth pursued in practically every segment of its business operations. This was accompanied by high investment expenditures and increased working capital requirements. In the past two years, positive effects of these investments can be observed.

In 2023, due to the improvement associated with the inflow of receivables, the Group was able to manage its debt capital in a more efficient manner, resulting in a low level of debt at the end of the period. The debt ratios at the end of 2023 remained still at safe levels:

- Net Debt / Equity ratio decreased from 1,17 as of 31.12.2018 to 0,75 as of 31.12.2019 and to 0,36 as of 31.12.2020 and as of 31.12.2021 to 0,22 as of 31.12.2022, and as of 31.12.2023 reached 0,1.
- Net Debt / EBITDA LTM ratio decreased from 3,73 as of 31.12.2018 to 2,24 as of 31.12.2019, 1,15 as of 31.12.2020 to 1,13 as of 31.12.2021 (1,35 without the effect of gain from the bargain acquisition of the company Intek) and to 0,78 as of 31.12.2022, and as of 31.12.2023 reached 0,43.

As a result of systematic development, the Group has been achieving better and more stable operational results: in 2018, the EBITDA result amounted to PLN 60.2 million, in 2019, PLN 81.2 million, in 2020, PLN 92 million, in 2021, PLN 124.98 million (PLN 104.75 million without the effect of gain from the bargain acquisition of the company Intek), and in 2022, PLN 135.57 million, in turn in

2023 was created on a similar level as in 2022 amounting to PLN 132,13 million. The above has contributed to the decrease in net debt/EBITDA ratio since the end of 2018.



## Projection of financial results

Dekpol S.A. did not publish projections of financial results of the Dekpol Capital Group for 2023.

## Issue of securities

Information on the issue of securities carried out by Dekpol S.A. can be found in this Report in point Issue of Securities in the section Financial and Economic Results of the Company Dekpol S.A. Other companies within the Dekpol Capital Group did not issue securities in 2023.

### Introduction of B-series bonds of Dekpol Deweloper Sp. z o.o. to trading on ASO Catalyst market

On August 31, 2023, Management Board of the Warsaw Stock Exchange (GPW) adopted a resolution regarding introduction of 10,000 of B-series bearer bonds issued by Dekpol Deweloper Sp. z o.o., with a nominal value of PLN 1,000 each, into alternative trading system on Catalyst. The resolution came into force on the day of its adoption. Subsequently, on September 12, 2023, Management Board of GPW adopted a resolution determining September 14, 2023, as the first day of trading for the aforementioned bonds in the alternative trading system on Catalyst. The bonds are listed in the continuous trading system under the short name "DDW0824". According to the GPW announcement, the planned date for the last listing of these bonds is July 23, 2024. The B-series bonds of Dekpol Deweloper Sp. z o.o. were issued in the first quarter of 2021. The redemption of the bonds will take place on August 1, 2024.

## Evaluation of financial resource management of the Dekpol Group

Management of financial resources in the Depol Group is based on structuring financing around long-term funding sources. The companies within the Group finance their business operations through external capital, including loans, bonds, loans, advance payments, factoring, and leasing. Diversification is emphasized within the Group to ensure that external financing is diversified, both in terms of financial products used and financial institution providing funding. The main objectives of financial resource and liquidity management within the Group include continuous monitoring of the Group's debt level, ensuring stable and efficient financing of operations, and effective management of working capital. This is achieved by responding to changing economic conditions through efficient management of credit, currency, and interest rate risks. The strategy envisages a gradual shift from short-term debt financing individual construction contracts to long-term financing, with particular emphasis on advances from investors, and in the long term, maintaining a safe level of debt.

The management of financial resources can be considered as appropriate. The financial position is stable, as evidenced by liquidity and profitability ratios presented in this Report.

Free funds within the Group are used to support current business operations of subsidiary companies and to repay current financial obligations.

The Depol Group can fulfill its commitments and, as of publication date of this Report, Management Board of Depol S.A. does not foresee any future threats in this regard.

# 6. Development perspectives of the Company and the Depol Capital Group



# Development perspectives of the Company and the Dekpol Capital Group

## Strategy and development directions

### Key assumptions of the strategy at the level of the Group and segments

#### Dekpol Capital Group

One of the priorities for the near future, both for Dekpol S.A. and for companies belonging to the Dekpol Capital Group, is to take practical actions that consider the ESG (Environmental, Social, Governance) aspect to a greater extent than before in the Group's business activities. Within the Dekpol Capital Group, work is being done to create and implement an ESG strategy in cooperation with a professional external advisor. The Group sees opportunities in this area to improve efficiency of individual entities, reduce consumption of natural resources/negative environmental impact, and increase employee engagement. The creation of an ESG strategy aims to codify, standardize within the Group, and plan further actions and initiatives in this crucial area.

The strategy of the Dekpol Capital Group envisages further organic and stable development based on activities in three main segments: general contracting segment, the segment of production of accessories for construction machines, and the property development segment, as well as the development of the prospective prefabrication activities carried out by Betpref and Kombet Działdowo plants. An important element in the near future throughout the Dekpol Capital Group will be optimization of all processes taking place within the Group.



**Creation of an ESG strategy aims to codify, standardize within the Group, and plan further actions and initiatives in this important area.**

#### General Contracting segment

The short-term strategy of the General Contracting segment aims organic growth, with assumption that this growth will also be reflected in financial performance improvement. The priority remains to base this development on (1) acquiring new markets, (2) selecting an appropriate ordering portfolio, (3) maintaining a high level of cost discipline, and (4) ongoing control. In 2022, the Group completed reorganization process of its operations regarding establishment of local sales and executive structures, while in 2023, further innovations were implemented within the Group's business operations, including establishment of a substantive controlling department and consolidation of all functions related to design, project coordination, and R&D activities within one operational division. These actions form the basis for maintaining a high pace of order acquisition from a diversified customer base and express the organization's clear determination to set standards in management and development as a company.

Dekpol Budownictwo Sp. z o.o., as a part of its short- and medium-term sales strategy, will continue to focus its acquisition efforts on short-term projects related to industrial-logistics construction and volumetric public utility facilities. The company aims to acquire projects that are technically and engineeringly advanced. According to the company's assessment, these projects are expected to constitute approximately 80% of the turnover for the year 2024. The order book of Dekpol Budownictwo Sp. z o.o. for 2024 has historically the highest value as of the balance sheet date. Planning for 2024, the company anticipates significant activity in acquiring new projects for execution, intending to expand into new market areas - whether territorially or by acquiring projects that go beyond its core business in terms of their specificity. Additionally, the company will execute orders from its sister company, Dekpol Deweloper Sp. z o.o.

Despite the negative impact of the COVID-19 pandemic and the Russia-Ukraine war on many sectors of the economy, particularly in terms of the number of valued projects, especially concerning industrial-logistics construction, this impact is significantly limited (as of preparation date of this Report). There is an observable process of rebuilding disrupted supply chains based on investments made in Poland, which also remains a country offering a relatively high level of security due to geopolitical arrangements (EU, NATO, etc.).

Similar to previous years, in 2024, much attention from Management Board of Depol Budownictwo Sp. z o.o. will be devoted to internal processes of the company in order to closely align them with economic environment. Efficient control of internal processes, as well as striving for organizational excellence, are the company's priorities. An example is implementation of modern IT solutions. The year 2023 was the first full period in which the company benefited from the new ERP system, providing excellent advantages in budget control for construction projects.



**The goal of the General Contracting segment is to acquire technically and engineeringly advanced projects.**

### Property Development segment

The strategy of the property development segment involves continuing real-estate development activities in both the popular and premium segments, as well as in investment activities such as building apartments for rent or hotels. Depol Deweloper Sp. z o.o. intends to continue focusing on implementing high-margin projects and systematically improving its financial performance. The company plans to acquire attractive land for construction of residential and commercial properties nationwide. Establishing a presence in other markets will enable the company to further expand dynamically and increase its visibility. Both adjusting the offer to financial capabilities and expectations of customers and intensifying marketing activities will allow to maintain a satisfactory level of sales. The land bank owned by the company enables introduction of new investments for sale until 2030. In 2024, the company intends to start construction of 5 new investment projects. The company also plans to continue cooperation with financial institutions in the PRS market, thus ensuring access to capital enabling implementation of development plans in an optimal manner. Most investments will be carried out in the Pomeranian Voivodeship, where Depol Deweloper Sp. z o.o. maintains a leading position in the market. With the land bank it possesses, the company can introduce approximately 4,800 apartments with a total usable floor area of about 223,000 square meters into the offer.



**The property development segment aims growth in the popular, premium, and investment segments of construction.**

### Segment of production of accessories for construction machines

The main area of operation of the segment is production of buckets and accessories for construction machines, as well as in Lubawa branch, the production of the world's largest specialized trailers for transporting large dimensions, as well as offshore and lifting elements.

The strategic objective of the segment of production of accessories for construction machines is to build a strong sales market and work on improvement of efficiency as well as continuous process improvement.

The sales strategy is based on four main directions. The domestic market, where the sales team has been formed and the company's goal is to achieve a 15% share of the Polish market in total turnover. Traditionally, the Scandinavian market, through diversification of sales directions, the company aims to achieve sales at the level of 35% of total turnover. Production for OEM customers remains a key objective of the company, with the target share of this sales estimated at 15% of the company's total turnover. Sales to the DACH countries market (Germany, Austria, Switzerland) are crucial for achieving stable diversification of sales channels and influencing own trade resources. The above objectives should be achieved within the next 36 months



## Dekpol Steel and Intek continually improve processes and efficiency.

An important element of the segment's strategy is also improving competitiveness by increasing process efficiency, improving on-time delivery, and reducing Lead Time (LT) in the market.

Due to organizational changes in the company, Dekpol Steel Sp. z o.o. has suspended actions aimed at obtaining military concessions necessary for the realization of steel components used in army.

## Implementation of the strategy of the Company and the Dekpol Capital Group in 2023

In financial year 2023, as a part of implementation of adopted development strategy, the following actions were taken:

### General Contracting Segment

#### HUMAN CAPITAL

The company places great importance on development and growth of its Human Capital as a key factor shaping both financial and non-financial results. Developmental activities were continued for all team members, with a particular emphasis on the Dekpol Budownictwo Academy initiative, which serves as a platform for knowledge exchange between experienced experts and aspiring individuals and the program „Od Inżyniera do Kierownika” defining career paths for young engineers. Furthermore, in the upcoming year, the company will implement programs such as „DBamy o rozwój”, „DBamy o środowisko”, „DBamy o dzieci”, „DBamy o zdrowie”. In financial year, Dekpol Budownictwo Sp. z o.o. dynamically continued the development of its "soft" HR activities, resulting in the initiation of processes shaping competency values, team motivation, and employee assessment. An excellent example is the launch of a program aimed at building management competencies for several dozen key middle-level managers. The program is supported by the prestigious development company " Fundacja Training Projects " led by Rafał Szczepanik. As a paramount element in fulfilling the organizational vision of being the " Generalny Wykonawca pierwszego wyboru," the company adopts a personnel strategy whose goal is to establish and retain a competent team full of diverse experiences, capable of proactive and engaged action (based on good business stakeholder relationships, responsibility, professionalism, integrity, and mutual trust). Dekpol Budownictwo Sp. z o.o. continuously brings on board experienced engineers with rich professional backgrounds, significantly increasing technical and implementation potential.

#### AVAILABLE AND ATTRACTIVE OFFER

In the development plan of the company Dekpol Budownictwo sp. z o.o. , the priority is given to the ability to offer an always available and attractive offer to its customers. With the achieved scale of revenues, potential and recognition, the Management Board bases its commercial strategy on:

- local presence on the markets that are the subject of commercial involvement of the enterprise - consisting, inter alia, on the construction of local management, technical and commercial teams (including the office of local calculation of offers and sales of services).
- broadening the spectrum of interest to include new markets and construction segments for the company.
- always attractive level of submitted offers, focusing on the repeatability of business relations.
- increasing the overall quality of the Company's offer, in particular the Design and Build projects.

#### EXPERTISE

Over the years (including the period before ZCP was separated from Dekpol S.A.), the Dekpol Group has achieved a leading position among general contractors in the field of civil engineering projects, as confirmed by its ranking in PwC's list of the top 15 construction companies. Dekpol Budownictwo is an expert in constructing various types of buildings, ranging from factories, logistics centers, commercial and retail centers, car showrooms, hotels, and economic and premium residential projects to non-standard projects. One of the company's strengths lies in its ability to adapt its offerings to the current market situation. Dekpol Budownictwo strives to retain engineering expertise within the company during the construction process, without dispersing it among other participants. This allows them to deliver services to customers utilizing the full spectrum of experience gained over nearly 30 years of operation and the comprehensive nature of their services. In collaboration with its sister company, Betpref sp. z o.o. (a manufacturer of pre-fabricated elements and steel structures), the company implemented numerous internal projects in 2022 aimed at reducing project costs while maintaining quality. To achieve this, the R&D department was established in 2021, which will implement new solutions for the Group's assigned construction projects. The department employs structural and industry designers.

## Property Development Segment

The Group's property development segment operates within the framework of the newly established company Dekpol Deweloper Sp. z o.o. Thanks to this, the development activity is separated from other areas of the Group's operation, which in turn reduces business and legal risks, while increasing the organizational and financial independence of Dekpol Deweloper within the Dekpol Capital Group.

The owned and constantly expanded land bank covering land, among others, in the Pomeranian Voivodeship as well as in Wrocław and Warsaw allows for increasing the number of property development investments offered by the Company in subsequent periods.



**The owned and constantly expanded land bank covering land, among others, in the Pomeranian Voivodeship as well as in Wrocław and Warsaw allows for increasing the number of property development investments offered by the Company in subsequent periods.**

Considering the schedule of property handovers in 2023, construction permits for upcoming projects, and the sales of units recognized in financial results, including signed reservation, development, and preliminary agreements, in January 2023, sales targets for 2023 were adopted (current report 4/2022 dated January 19, 2023, published by Dekpol S.A.). According to these targets, the Group's intention in the development segment was to achieve sales based on reservation, real-estate development, and preliminary agreements for a total of 430 units, as well as sales of units recognized in the Group's financial results for a total of 480 units. The revenue to be recognized in the financial results was estimated at PLN 308 million, comprising the sale of 480 units and revenue from investment projects in Wrocław.

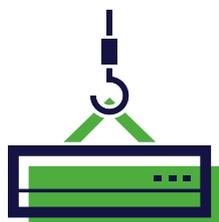
All the targets set by the Group were achieved. The share of sales of higher standard and premium apartments amounted to 58.9% (compared to 38% of total number of apartments sold). Ultimately, in the property development segment in 2023, the Group sold 472 apartments compared to 341 apartments sold in 2022 (based on concluded reservation, real-estate development, and preliminary agreements). The number of apartments recognized in the Group's financial statements was 478 apartments compared to 380 apartments recognized in 2022. As of December 31, 2023, the Group offered a total of 740 apartments for sale. The value of apartments sold in 2023 based on concluded reservation, real-estate development, and preliminary agreements amounted to PLN 278 million, while the value of sales recognized in the Group's financial result in 2023 amounted to PLN 322 million.

## Segment of Production of accessories for construction machines

The segment of Production of accessories for construction machines in 2023 faced challenges arising from a decline in orders and the economic situation in both the Polish and foreign markets. The realization of assumptions for 2023 was therefore verified by

market situation both domestically and in export markets. Sales assumptions were achieved at 80% of set targets. Factors affecting the level of sales and company's profitability mainly include challenges arising from inflation, the ongoing war in Ukraine, as well as lack of price stability.

The end of 2023 marked a period of intensive work on diversification of the customer portfolio, optimization of production, cost-saving projects, acquisition of new competencies, as well as creation of a new, strong strategy for Depol Steel and Intek, to set ambitious goals for the following year and to enter existing and new markets more strongly. The undertaken projects and actions began to yield results while maintaining consistently high product quality - which has made Depol Steel and Intek recognizable today. Newly acquired competencies in sales and operations have already enabled reaching new customers who are strong players in the market.



**The Betpref and Kombet Działdowo plants constitute an area of great development potential within the Depol Group in the perspective market of prefabrication.**

In the Depol Capital Group, the prefabrication sector is gaining significance. Mainly due to the execution of contracts in 2023, the share of this business activity in terms of in-house production of concrete and steel prefabricates yielded positive results. Since the acquisition, Betpref and Kombet Działdowo have been continuously developed and equipped with new technological lines. Management Boards of these companies constantly strive to strengthen their position in the market and continue to optimize operations while developing the areas of robotization and automation in production, which will contribute to increasing production capacities in the prefabrication sector.

## Development perspectives for the upcoming financial year

The Capital Group's strategy assumes a stable development of all three business segments and a focus on the implementation of high-margin projects. This will lead to systematic improvement of the financial results achieved. More information on the strategy of the Company and the Capital Group is described in section 6.1 of this Report.

### General Contracting Segment

In the general contracting segment, the Group is pursuing a multi-directional development strategy. In the foreseeable future, the core business will remain industrial-logistics and residential construction, along with continuation of diversification of contract orders. Depol Budownictwo Sp. z o.o. primarily builds for the logistics-warehouse sector, industry, and Depol Deweloper; however, approximately 20% of revenues from sales in upcoming year are expected to come from implementation of other volumetric objects. The Group believes that in today's market realities, an agile approach has an advantage over specialization in a narrow range of construction. Such a solution has its advantages resulting from repeatability of applied processes and solutions, but it is not the ultimate development path in such a variable business environment. The goal of Depol Budownictwo Sp. z o.o. is to maintain the values of an engineering and construction company in the strict sense, with a wide range of technical possibilities and experiences in various projects. A company that does not dissipate its engineering competencies, entrusting them to other participants in the process. In the Group's assessment, deep involvement in team competency matters will also enable achieving further stages of development. While pursuing economic goals, the Group prioritizes the value of partnership in all aspects of customer relations. The high proportion of returning customers, exceeding 75% over the past 4 years, is evidence of trust and appreciation for the partnership offered.

In 2023, Depol Budownictwo Sp. z o.o. aims to strengthen its competitive advantage in terms of engineering, technical competencies, and operational activities. An entirely independent design and R&D department has been established, separate from implementation activities, responsible for creating new engineering solutions and strengthening the innovation sphere. The company's focus will be on closing processes.



**Deep involvement in team competency matters will allow for achieving further stages of development.**

## Property Development Segment

In accordance with sales targets adopted in January 2024 for the year 2024, the Group's intention in the property development segment is to achieve revenues in the amount of PLN 400 million in 2024, consisting primarily of sales of approximately 500 recognized apartments in financial statement and revenues from implementation of investments with an institutional entity carried out in Wrocław at Braniborska Street. The sales target for 2024 concerning sales of apartments based on reservation, real-estate development, and preliminary agreements is set at 650 apartments.

The sales targets for 2024 were communicated by the Company in current report no. 4/2024 dated January 17, 2024, with the reservation that none of the above statements regarding the future can be understood or interpreted as a guarantee or assurance by the Company or entities belonging to the Capital Group that such events will occur, and that the sales targets mentioned above will be achieved.

Dekpol Deweloper Sp. z o.o. in 2024 aims to further increase its share in the overall sales of projects with elevated standards and premium projects. Additionally, by continuously expanding the land bank with additional plots in locations such as Warsaw, Wrocław, Katowice, and Kraków, the Company aims to acquire new markets and new customers for the products offered by the Company.



**The goal for 2024 is set at sales of 650 apartments.**

The expected stabilization of interest rates in 2024 and the planned introduction of the new government program, in the Group's assessment, may have an impact on increasing the demand for residential properties. At the same time, thanks to the Group's diversified offer, especially the increasing share of projects in the higher standard and premium segment, the Group assumes that it will achieve its set goals.

### Segment of production of accessories for construction machines

In 2024, the Group in the segment of production of accessories for construction machines plans to increase sales and improve the efficiency of key production processes in the company, as well as their optimization. The ESG area, which is an important element in creation of the company's strategy, will not be insignificant during the planned development of the company. The goal is to increase sales in the Polish market and the DACH countries market, as well as to improve the company's results compared to 2023.

The plans for upcoming year are focused on building a strong and efficient team, increasing client portfolio and production capacity, digitalizing processes, cost control, and broadly defined development from employee competencies to technology. We conduct sales activities in the Polish market, but primarily in foreign markets. Newly appointed members with high competencies in sales team actively operate in all markets of interest. In addition to typical business activities, a series of activities are also carried out to ensure the efficiency of processes, employee engagement and motivation, as well as a safe working environment, without forgetting about ecology – reducing energy consumption, CO2 emissions, and the negative impact of production on the environment. Depol Steel consistently strives to maintain its position as a leader in its industry, increasing sales volume, with the expectation that the second half of 2024 will see the effects of implemented projects becoming increasingly visible.

## External and internal factors important for the development of the Company and the Capital Group

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

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

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

The factors that appeared in 2023 and after its end, which may or may have an impact on the Company's and Group's results in subsequent periods, events listed in this Report in the Significant Events and Contracts in the operational area of the Group in financial year 2023 and after its completion should also be included.

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

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

The armed conflict between Russia and Ukraine has a significant impact on the construction and manufacturing market in Poland. According to many specialists, the difficulties seem to be greater than the economic consequences caused by the COVID-19 pandemic. The situation in the east is very dynamic, and most companies are analyzing the potential impact on their operations in the near and distant future.

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

The war beyond the eastern border has significantly impacted the Polish economy. The economy has noticeably slowed down, and many supply chains have been disrupted. In the labor market, there has been a significant outflow of workers from Ukraine who have returned to their homeland. Among economic entities, there is increased uncertainty in decision-making. Although the economic situation has now stabilized to some extent, it should be noted that this is closely correlated with further course of Russia's invasion to Ukraine.

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

Ukraine and Russia on its operations. The Group considers the risk of rising prices, particularly the prices of materials and labor, in its cost calculations. Furthermore, the diversification of the Group's activities by segment helps to mitigate the negative impact in a volatile market and geopolitical situation.

## Impact related to an increase in interest rates

As a part of its business operations, the Group is exposed to interest rate risk. The positive market effect of low cost of capital (associated with low interest rates) observed in recent years has given way to higher interest rates. The cycle of increases announced by the Monetary Policy Council (RPP) raised the reference rate to 6.84% by the end of 2022, while changes introduced by the Monetary Policy Council (RPP) in 2023 led to a reduction in interest rates to 5.75% by the end of December 2023.

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

Additionally, reduction of the amount of money in the market translates into credit conditions for businesses, consequently necessitating thorough liquidity analysis. Therefore, the inability to take on new obligations will contribute to limiting investment activity since few businesses can finance significant investments and development expenses from their own funds. Banks are more stringent in assessing credit applications, which means that only companies prepared for difficult times will have the opportunity to carry out their investments.

## Evaluation of the possibility of implementation of investment plants

The Issuer and companies within the Depol Capital Group plan to carry out investments in 2024 based on their own financial resources, funds from bank loans, bonds, or leasing. Implementation of individual investment plans depends on current situation of companies within the Depol Capital Group and the macroeconomic situation. As of the date of this Report, the Issuer does not see significant threats regarding possibility of obtaining financing for implementation of planned investments by companies within the Depol Capital Group, and thus does not perceive significant issues in Group's potential goal realization.

# 7. Risks and threats factors



# Risks and threats factors

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

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

### Risk related to the construction process

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

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

The above may have an impact on extension of the entire product manufacturing process, causing an increase in costs and postponement of payments, which in turn increases the likelihood of a decrease in Issuer's result and disturbance of financial balance. Changes in design are a common occurrence in construction process, however, these changes are often subject to additional valuation. Company's staff shifts these risks towards the investor (Ordering party) informing about future and financial threats. These changes are primarily initiated on investor's side. Changes in costs during implementation relates mainly to long-term investments. As at date of publication of this report, short-term investments constitute the main share in ordering portfolio. In case of long-term investments, which are carried out primarily for Depol Deweloper Sp. z o.o., increase in costs is also reflected in increase in sales per 1 m<sup>2</sup> of apartments space, which gives the way to partial recovery of costs. Offers prepared by the Group are updated when the client extends decision time regarding choice of offering party and commencement to construction works. In the event of drastic increases during construction phase, the Group attempts to talk to investors on participation in increase of costs. The effects of the discussions result in partial participation of Ordering Parties in the construction costs.

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

### Risk related to weather conditions

Conducting activity on the wider construction market, the Capital Group is particularly dependent on atmospheric factors. They have an impact not only on the implementation of construction projects, but also on the seasonality of revenues from sales. Revenues from this activity are traditionally the largest in the summer periods, while they usually decrease in winter periods, especially in the first quarter of a given year. Weather anomalies may have an adverse effect on the timing of projects, the extension of which may result in increased project costs and customer claims due to non-compliance with contractual conditions. The Capital Group,

while creating a project implementation schedule, assumes typical atmospheric conditions for the given seasons. The Capital Group is trying to plan implementation schedules so that during winter periods, it will ensure finishing works inside buildings and perform tasks that can be performed at sub-zero temperatures. Despite undertaking actions aimed at flattening the revenue structure, it should be taken into consideration the diversity of financial results in individual quarters of the year.

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

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

### **Risk related to underestimation of contracts**

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

### **Risk related to the contracts being performed, including defects and faults**

Because the construction process is very complex, it can be a source of risk for the Capital Group. Despite cooperation with renowned and proven contractors and suppliers, as well as ongoing supervision over the performance of works, the Capital Group is not able to fully guarantee the absence of failures or defects in the completed investments. The disclosure of failures or defects may have a negative impact on the Issuer's market image and its financial result due to the need to incur additional costs related to the removal of the defect or failures. In addition, long-term removal of defects and failures may lead to failure to meet project deadlines, which will also adversely affect the Capital Group's financial situation, due to the need to pay potential contractual penalties to clients with whom term contracts or payment of amounts resulting from claims for damages have been concluded. It cannot be ruled out that materials used to carry out construction works will have hidden defects that may affect the quality of the investment. In connection with the above, the Issuer applies various methods of protection against this type of risk. First, the implemented procedures minimizing delays are applied in the implementation of the investment. Agreements are concluded with permanent and proven suppliers and subcontractors who provide the Capital Group with high quality and timely work as well as deferred payments. Also, important here are the efficient procedures for ongoing internal control and monitoring of individual orders. It is worth emphasizing that in the Issuer's current operations such events have occurred sporadically.

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

Most investments carried out by the Issuer in the scope of property development activities are around the Pomeranian Voivodship. Such concentration causes dependence on economic situation on the local market, because of which the Issuer's Group must compete with large number of domestic and foreign business entities servicing real-estate development market. Such local limitations cause that Issuer's revenues largely depend on the level of investors' activity on residential market in the region. The multiplicity of competitive housing investments may have an impact on reduction of Issuer's Group revenues. This may directly translate into financial result and development perspectives of the Issuer's Group in the future. For mitigation of this risk, the Issuer actively looks for new investment opportunities throughout the country, which will increase independence from the situation on a local market and contribute to Issuer's development. In the structure of the Group, the Issuer owns company UAB DEK LT Statyba, which has historically been established to support business activities of the Issuer's Group in Lithuania in implementation of general contracting projects, as well as for management of future contracts in Lithuania. Currently Depol Budownictwo Sp. z o.o. is involved in the process of obtaining certification that enables independent implementation of construction projects in the territory of the Republic of Lithuania. Moreover, the companies from the Issuer's Group own land outside the Pomeranian Voivodeship (Warsaw, Wrocław).

The Issuer's Group also focuses on strengthening its market position and increasing its competitive advantage by providing high-quality and timely services as well as offering comprehensive solutions for private investors, including investors representing international concerns developing their operations in Poland.

### **Risk related to concentration of general contracting projects on warehouse market**

For several years, participation of warehouse projects in the Issuer's order portfolio has significantly increased (as warehouse projects the Issuer qualifies: warehouse halls, production and warehouse halls, production and warehouse halls with an office building, warehouse, and service halls with an office building). The focus on warehouse projects results from the fact that Depol has been a leading contractor of this type of agreements in Poland for many years, moreover, the dynamic development of the warehouse market in Poland can be observed and it fits well with the strategy of the Issuer's Group in the general contracting segment (focus on short-term contracts, the completion date of which, as a rule, ranges from 6-9 months).

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

### **Risk related to changes in market trends**

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

### **Risk of falling apartments prices**

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

### **Risk related to non-payment of receivables by ordering parties**

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

to verification procedures, and the Issuer monitors the receivables on an ongoing basis. It is also important that this type of risk is limited to a certain extent by the provisions of the Civil Code regarding payment guarantees for construction works.

### **Risk related to the implementation of real-estate development projects**

The property development project cycle is a long-term cycle (over 24 months), characterized by the need to incur significant financial outlays and the total return of incurred expenses only after the minimum of 2 years. In line with adopted strategy, Depol Developer buys ground properties for multi-stage projects (e.g. Neo Jasień, Osiedle Pastelowe, Osiedle Kociewskie, Sol Marina, Grano Resort in Sobieszewo). The subsequent stages of projects are initiated once a certain percentage of sales progress in the currently implemented stage is achieved. Companies within the Issuer's Group typically need to fully pay for the land, and the complete development of the land may occur even several years after its acquisition date. Prolonged delays in sales, particularly in an unfavorable macroeconomic situation, may result in the partial or complete non-recovery of the invested funds. As a result, the timing of revenue generation can be significantly postponed relative to the incurred expenses for the execution of a given project.

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

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

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

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

### **Risk of accidents at construction site**

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

### **Risk related to subcontractors**

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

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

### **Risk associated with acquisition of new contracts**

The nature of the business activity conducted by the Depol Group means that a significant number of contracts is obtained through a tender. The Group's Management Board prepares offers, defines, and optionally negotiates the terms of bids, and prepares the Company for the implementation of these contracts, however, it does not affect the criteria for the assessment of bids, which are the basis for their selection. One of the key factors contributing to the success of the Depol Group is the consistent implementation of the development strategy focused on acquiring contracts with the highest profitability. The Capital Group has developed an effective contract valuation system, which, combined with strict cost control, means that the Depol Group is currently executing contracts at assumed profitability and achieving good financial results. The Group pays attention to the restructuring and minimization of all cost elements, both at individual stages of the contract execution as well as the general management costs of the Company. It cannot be ruled out that changing market conditions will negatively affect the Issuer's ability to acquire new contracts and achieve a satisfactory level of margin. To minimize this risk, the Group aims to continuously improve the project management system including the process of bidding and budgeting contracts. In addition, high activity in tender procedures contributes to the continuous improvement of efficiency in obtaining new contracts.

### **Risk related to competition**

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

### **Risk of small availability of mortgages / housing loans**

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

Possible decrease in availability of mortgages/housing loans, as well as deterioration in the creditworthiness of potential buyers of residential estates may adversely affect Issuer's Group's revenues. Changes in regulatory policy affecting banks' creditworthiness assessment and banks' policies in this regard may cause a decrease in demand for new apartments, and thus may have a negative impact on Group's operations, development perspectives, financial situation, or results.

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

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

The risk has been described from the perspective of the Group in this report in the section External and Internal Factors Essential for the Development of the Company and the Capital Group, while below in a segmented approach.

#### **General Contracting segment**

The armed conflict in Ukraine poses a potential risk for construction in 2024. Primarily, one must consider (1) the outflow of workers from Ukraine who are returning to fight in the defensive war, as well as (2) price increases and (3) worsening material availability due to rising raw material prices. The situation of the economic blockade of Russia and the war in Ukraine itself may also affect construction industry in Poland; however, as of preparation date of this Report, potential effects of, for example, embargoes or financial market unrest cannot be assessed. The outflow of workers is a phenomenon occurring to varying degrees among the sub-contractors of the Company. Additionally, expected increases in raw material prices, construction materials, fuels, and utilities necessitate exercising great caution in submitting bids. Furthermore, expectations regarding advances are included in bids to secure material prices at an early stage of project implementation. Special procedures regarding bidding are also introduced, etc.

#### **Property Development segment**

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

#### **Segment of production of accessories for construction machines**

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

### **The risk related to the macroeconomic situation**

The results obtained by the Depol Group depend on the macroeconomic situation and the pace of economic growth in the markets on which its operations are conducted. Because the Group operates mainly on the Polish market, the shaping of the economic and political situation in Poland has a significant impact on the financial results achieved and the implementation of the strategy. Unfavorable changes, including a slowdown in economic growth, may negatively affect the level of investment expenditures in the economy, lead to a deterioration of the construction market, including through a smaller supply of projects for general contracting, and cause a slowdown in development and deterioration of Group's profitability.

According to expectations, there has been a slowdown in the national economy, evidenced by, among other things, a decrease in GDP (gross domestic product) growth rate. Throughout the year 2023, GDP increased by only 0.2%, making it one of the weakest results in recent years. However, economists anticipate that 2024 will bring about an economic revival, driven by consumption growth (due to real wage growth) and social transfers.

Interest rates in Poland are still maintained at a high level, which is a result of persistently high inflation indicators. Currently, the reference rate is maintained at 5.75%, introduced by the Monetary Policy Council in November 2023. It can be expected that high interest rates will be maintained until inflation returns to the NBP's inflation target (1.5%-3.5%), which, according to projections, is expected to occur in about 2 years. According to data from the Central Statistical Office (GUS), the average annual inflation rate in 2023 was 11.4%, while at the end of December, it stood at 6.2%.

According to available macroeconomic data, the unemployment rate in Poland is slightly decreasing and remains lower than the EU average (6.0%). The unemployment rate in December 2023 was 5.1% and decreased by 0.1 percentage point compared to the previous year.

### **Risk of instability of the Polish tax system**

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

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

The Polish legal system is subject to numerous changes that have a huge impact on the Depol Group's operations. The most important for him are changes made in the following legal provisions: - construction law, - commercial law, - tax law, - labor and social insurance law, - law established by local government units. Introduced legal changes can potentially create a risk related to interpretation problems, lack of case-law practice, unfavorable interpretations adopted by courts or public administration bodies. It should also be remembered that currently interpretation of the provisions is made not only by Polish courts and public administration bodies, but also by the courts of the European Community. These changes may cause problems resulting directly from the lack of a uniform interpretation of the law. Since the knowledge of Community jurisprudence is not common in Poland, and the Polish courts do not always apply it, a situation may arise where the sentence pronounced in Poland will be repealed as incompatible with European law. Changes in legislation or various interpretations of the law can pose a certain risk. Inconsistency, lack of uniform interpretation of laws, frequent amendments, and contradictions between statutes and implementing acts entail significant risks in conducting business activities. Potential changes in regulations may lead to negative consequences for the Group's operations. The implementation of new economic regulations can be associated with interpretational problems, inconsistent court rulings, unfavorable interpretations adopted by public administration authorities, etc.

Changes in law related to this may affect the legal environment of business operations, including the Depol Group's. To minimize the above-described risk, the Depol Group monitors the changes of the law on an ongoing basis and uses professional legal assistance.

### **Risk associated with construction regulations**

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

## Risk related to initiatives of public authorities regarding condo hotels and aparthotels

As a part of real-estate development activities, entities from the Issuer's Group have offered and intend to offer in the future sales of premises also in condo hotel and aparthotel model. The subject of the offer is the ownership of a non-residential premises, and conclusion of a lease agreement for this premises with an entity that will conduct operating activities in each hotel facility (an entity not belonging to the Issuer's Group). In 2019, the Polish Office of Competition and Consumer Protection (UOKiK), the Polish Financial Supervision Authority (KNF) and the Ministry of Investment and Development (MliR) launched an information campaign in which they warned about risks associated with investing in rooms in aparthotels and condo hotels. Although the Issuer agrees with the theses presented in the campaign and sees the need to conduct it, the content of the announcements raised concerns among consumers and the Issuer's clients and, therefore, may lead to a decline in interest in this type of offer. It cannot be ruled out that in the future further information campaigns or legislative initiatives will be undertaken, which will result in lack of interest in premises in condo hotels and aparthotels by customers or, because of the introduced security measures and restrictions, will make such investments unprofitable.

## Risks related to financial position

### Interest rate risk

The Depol Group finances its activities, among others with variable rate debt (including working capital loans and bonds). Therefore, it is exposed to interest rate risk. In case of a significant increase in interest rates, the Group's financial results may deteriorate due to increase in financial costs. In addition, high exposure associated with this risk and inappropriate assessment of this risk may adversely affect the Group's financial results. The risk is mitigated by interest rate hedging transactions such as Caps (Interest Rate Caps) and IRS (Interest Rate Swaps).

Current macroeconomic situation in the discussed risk indicates many challenges. The cycle of rate hikes announced by the Monetary Policy Council raised the reference rate to 6.84% by the end of 2022, while changes introduced by the Monetary Policy Council in 2023 led to a reduction in interest rates to 5.75% by the end of December 2023. It can be expected that high interest rates will be maintained until inflation returns to the NBP's inflation target (1.5%-3.5%), which, according to projections, is expected to occur in about 2 years. According to data from the Central Statistical Office, the average annual inflation rate in 2023 was 11.4%, while at the end of December, it stood at 6.2%.

### Currency risk

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

The currency situation in Poland has been characterized by significant volatility lately, and the year 2023 was a year full of contrasts and surprises. In the first half of 2023, there was a strengthening of the Polish currency Złoty observed. However, in September, after the Monetary Policy Council's (RPP's) decision to lower interest rates by 0.75 percentage points, the trend of Złoty strengthening was interrupted. The end of 2023 and political changes led to further strengthening of the Złoty. Additionally, the ongoing war beyond the eastern border continues to create uncertainty among investors. It is also worth considering the rate hikes in the USA or the eurozone, which generate demand for the dollar and the European currency. Furthermore, it can be assessed that internal factors such as high inflation and the government's expansionary fiscal policy have a negative impact on the exchange rate of the Polish currency.

### Inflation risk

Depol Group also identifies the risk of inflation fluctuations, which refers to unpredictable changes in the general level of prices of goods and services in the economy. Fluctuations in inflation have a negative impact on the economy in several aspects. Firstly, inflationary fluctuations lead to uncertainty about future costs and profits, making it difficult for businesses and consumers to make investment decisions. Secondly, inflation erodes the purchasing power of money, which in turn leads to a decline in people's

standard of living. Thirdly, inflation fluctuations affect trade as currency fluctuations impact the prices of exports and imports. The conclusion is that the risk of inflation fluctuations poses a serious threat to economic stability and requires appropriate monetary and fiscal policies to mitigate it, which ultimately affects economic entities.

The NBP inflation report from July 2023 indicates that price-setting processes are still under pressure from supply-side changes associated with the effects of Russia's aggression against Ukraine. Inflation in the global economy has decreased, although it remains at a high level. Many central banks have been raising interest rates, although to a lesser extent than in the preceding months or have kept rates unchanged. In Poland, interest rates remained unchanged until August 2023, but in September 2023, the Monetary Policy Council (RPP) decided to lower them to 6.00% and subsequently to 5.75%. At the end of 2023, in December, the inflation rate in Poland amounted 6.2%, while the mid-term inflation reading stood at 11.4%. Throughout 2023, the inflation level, as expected by economists, decreased. This was mainly influenced by three main factors: changes in energy prices, goods filtering into consumer prices, and the process being completed, reducing temporary price pressure.

### **Risks related to bonds issued**

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

### **Risk related to financing the current business activities**

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

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

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

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

### **Risk associated with the possibility of discontinuing financing through bond issue**

In the Depol Group, companies finance their operations with their own funds, mainly in the form of bonds and loans. As of December 31, 2023, the share of self-financing in the Group's liability structure amounted to 37% (PLN 577,863 thousand), while the share of external financing amounted to 63% (PLN 964,934 thousand). As of December 31, 2022, the share of self-financing in the Group's

liability structure amounted 34% (PLN 476,960 thousand), while the share of external financing was at the level of 66% (PLN 917,696 thousand).

The Group primarily utilizes funds from bonds to finance its ongoing business operations, including the purchase of new land for real-estate development projects and as equity contributions to ongoing projects. In the event of limited bond issuance opportunities (including due to reduced demand for bonds, decreased competitiveness of bond interest rates compared to bank deposits, increased investor aversion to risk and bond investment, lack of bond repurchases by other issuers in the market, and reduced availability of funds for bond investment), there is a risk associated with the possibility of discontinuing financing through bond issuance for the Company and the Group, which would entail focusing on debt financing, loans, or, in the event of external factors preventing such options, reducing the scale of operational activities. These factors may have a negative impact on the Group's business operations, financial position, or results of business operations, ultimately affecting Dekpol Capital Group's ability to fulfill its obligations under bonds.

### **Risk related to overdue liabilities**

The main group of creditors are subcontractors of general contracting services provided by the Issuer. Most of liabilities repaid after maturity date arise because of contractor's failure to provide complete documentation. In accordance with internal procedures in force in Issuer's Group, the possibility of making payments for due and undisputed invoices takes place after delivering of a complete set of documents for the report in accordance with contractual provisions. Immediately after notification of deficiencies, contractors are informed about the situation and are obliged to supplement formal deficiencies, so that the payment date depends on fulfillment of the above-mentioned. In the balance of overdue liabilities, there is not a large focus on one subcontractor.

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

### **The risk of the cyber-attack**

The risk of a cyber-attack has emerged in recent years, particularly following the outbreak of the armed conflict in Ukraine. Currently, companies are exposed to hackers and the threat of cyber-attacks. According to Forbes magazine, Poland ranks 20<sup>th</sup> among countries most vulnerable to cyber-attacks. Available information indicates that the energy and transportation sectors are among the main industries at risk of cyber-attacks, which often involve data theft, particularly personal information. In response to these challenges, the Management Board of the Company has decided to conduct due diligence in this area and purchase a cyber insurance policy to mitigate the consequences of cyber-attacks. All companies within the Group adhere to a unified IT policy.

# 8. Corporate governance statement



# Corporate governance statement

## Indication of a set of corporate governance principles applicable at the Issuer

In 2023, the Company adhered to the principles of corporate governance outlined in the document "Good Practices of Companies Listed on the Warsaw Stock Exchange 2021," adopted by the Warsaw Stock Exchange Council under Resolution No. 13/1834/2021 on March 29, 2021, which came into effect on July 1, 2021. The text of the "Good Practices of Companies Listed on the Warsaw Stock Exchange 2021" is publicly available on the Warsaw Stock Exchange's website: <https://www.gpw.pl/dobre-praktyki2021>.

The company Depol S.A. recognizes the principles of corporate governance as a determinant of behavior and a basic element of corporate culture. The company pays special attention to the transparency of action and open communication with stakeholders in the spirit of dialogue and trust.

## Indication of corporate governance principles that have been deviated from

As of the publication date of this Report, Depol S.A. adheres to all corporate governance principles outlined in the document "Good Practices of Companies Listed on the Warsaw Stock Exchange 2021", except for the following principles: 1.3.1., 1.3.2., 1.4., 1.4.1., 1.4.2., 2.1., 2.2., 4.1., 4.3. and 4.14, as well as principle 3.7., which does not apply to the Company.

**Principle 1.3.1.** In its business strategy, the company also considers ESG (Environmental, Social, and Governance) topics, particularly encompassing environmental issues that include metrics and risks associated with climate change, as well as sustainable development issues.

The principle is not applied. The company does not have a formal document describing the company's strategy in the context of ESG factors. Nevertheless, the company is guided by elements of ESG policy in its daily operations, and awareness of environmental aspects has been built within the company for a long time. Many elements related to ESG factors are practically applicable in the company's current operations. For example, based on the implemented and maintained Integrated Management System according to the requirements of standards EN ISO 9001:2015, EN ISO 14001:2015, and EN ISO 45001:2018, monitoring and continuous control of processes are carried out in terms of quality, environment, and occupational health and safety. Additionally, to meet quality requirements for welding metal materials, manufacturing steel and aluminum structures, as well as concrete prefabricates for construction, the Depol Capital Group has implemented and maintains certification in accordance with standards PN-EN ISO 3834-2:2021, PN-EN ISO 1090-2:2018, PN-EN 13747:2005 + A2:2010, EN 13225:2013, EN 14992:2007 + A1:2012, EN 15258:2008, and EN 14843:2007. The general contracting segment, in response to the sustainability awareness of its investors, offers project implementation according to BREEAM certification requirements, and additionally undergoes annual assessment according to Eco Vadis. Work is underway to develop and adopt a coherent ESG strategy in the Group, considering both individual segments of the Group's activities and the requirements of the CSRD directive and implemented sustainable development reporting standards ESRS. The company declares its intention to apply this principle in the future.

**Principle 1.3.2.** In its business strategy, the company also considers ESG issues, in particular: undertaken and planned activities aimed at ensuring gender equality, proper working conditions, respect for employees' rights, dialogue with local communities, relations with clients.

The principle is not applied. The Company does not have a formal document that would describe the Company's strategy in the context of ESG factors. Regardless of this, the Company takes particular care of social and employee matters in its daily activities. A good example is the adopted Code of Business Conduct, which defines patterns of behavior relating to:

- transparent conduct of financial transactions, accounting and reporting practices,

- prohibiting the use or participation in corrupt practices involving the direct or indirect receipt or provision of financial benefits,
- avoiding money laundering activities,
- the emergence of a conflict of interest,
- use and management of the company's assets,
- respect the laws and tax regulations of each country in which activities are carried out,
- responsibility for the products and services offered,
- reliable marketing and sales,
- competing in the marketplace in a fair manner,
- prohibition of illegal trading in securities,
- neutrality towards political parties,
- the order to respect human rights,
- non-discrimination of employees,
- safe and hygienic working conditions,
- prohibition of forced labor and child labor,
- freedom of association,
- remuneration and respect for working hours,
- efficient and responsible use of resources respecting the environment and health.

The company declares its willingness to apply this principle in the future. The theme of social and labor issues will be incorporated into the Group's ESG strategy.

**Principle 1.4.** To ensure proper communication with stakeholders, within the scope of the adopted business strategy, the company publishes on its website information on the assumptions of its strategy, measurable goals, in particular long-term goals, planned activities and progress in its implementation, determined by means of financial and non-financial measures.

The principle is not applied. The Company publishes information on the Group's business strategy on its website, but this information does not contain all the components specified in this principle. The company will consider applying this rule in the future.

**Principle 1.4.1.** Information on the strategy in the ESG area should, among others: explain how the decision-making processes in the company and its group entities consider climate change issues, pointing to the resulting risks.

The principle is not applied. Climate change issues are considered in decision-making processes within the Depol Group, including those related to products provided to customers, which incorporate modern technologies, eco-friendly materials, responsible waste management, and even the selection of suitable suppliers. These processes are supported by adopted policies and procedures concerning product quality, environment, and occupational health and safety (OHS). Existing risks as well as opportunities for risk prevention or mitigation of their negative impact are analyzed in each process. Supervision over these processes is conducted within the Integrated Management System or Production Control at the Plant. Currently, the Company does not have a written ESG strategy, although work is underway to develop and adopt a coherent ESG strategy within the Group, considering the individual segments of the Group's activities, the requirements of the CSRD directive, and implemented sustainable development reporting standards ESRS. The adopted strategy along with measurable goals will be published on the website, and planned actions and progress in achieving the goals will be included in annual reports on sustainable development, which will also be published.

**Principle 1.4.2.** Information on the strategy in the ESG area should, among others: present the value of the ratio of equal remuneration paid to its employees, calculated as the percentage difference between the average monthly remuneration (including bonuses, awards and other allowances) of women and men for the last year, and provide information about the actions taken to eliminate possible inequalities in this respect, along with the presentation of the related risks and the time horizon in which it is planned to bring about equality.

The principle is not applied. The company does not have a formalized strategy in the ESG area. The company declares its willingness to apply this principle in the future. In connection with the above, the Company will soon determine the equal remuneration index in the Company and will analyze the need to take action in this area and will also publish relevant information in this regard.

**Principle 2.1.** A company should have a diversity policy towards the management board and supervisory board, adopted respectively by the supervisory board or the general meeting. The diversity policy defines the goals and criteria of diversity, among others in such areas as gender, field of education, specialist knowledge, age, and professional experience, as well as indicates the date and method of monitoring the achievement of these goals. In terms of gender diversity, the condition for ensuring the diversity of company bodies is the participation of a minority in each body at a level not lower than 30%.

The principle is not applied. The company does not have a diversity policy towards the Management Board and the Supervisory Board. The indicated diversity is maintained in relation to the Management Board of the Company but does not appear in the Supervisory Board of the Company. At the same time, the Company indicates that Depol S.A. is guided by the substantive preparation of candidates for a given function, the competences of the candidates and the long-term needs of the Company. Depol S.A. declares that there are no barriers to gender or other features indicated in principle, and that the only factors determining the selection of members of the Management Board and Supervisory Board of the Company and the qualification of each person to perform the above-mentioned functions are factors such as: competences, experience gained and specialist knowledge confirmed by courses, obtained diplomas, and implemented projects.

**Principle 2.2.** The decision-makers on the appointment of members of the management board or supervisory board of a company should ensure the versatility of these bodies by selecting persons who ensure diversity in their composition, enabling, inter alia, achieving the target minimum minority participation rate set at a level of no less than 30%, in line with the objectives set out in the adopted diversity policy referred to in principle 2.1.

The principle is not applied. The indicated diversity is maintained in relation to the Management Board of the Company but does not appear in the Supervisory Board of the Company. The Management Board of the Company is elected by the Supervisory Board of the Company, while the Supervisory Board is elected by the General Meeting. At the same time, the Company indicates that Depol S.A. is guided by the substantive preparation of candidates for a given function, the competences of the candidates and the long-term needs of the Company. Depol S.A. declares that there are no barriers to gender or other features indicated in rule 2.1. functions are factors such as: competences, experience gained and specialist knowledge confirmed by courses, obtained diplomas, and implemented projects.

**Principle 3.7.** Principles 3.4 - 3.6 also apply to entities from the company's group that are significant for its operations, if they have designated persons to perform these tasks.

The principle does not apply to the company. Depol S.A., as the parent company, manages internal systems of the entire capital group in a centralized manner. Since Depol S.A. serves as the managing holding company of the Capital Group and provides services to entities within Depol Capital Group, separate individuals have not been appointed in the Group entities to perform tasks related to internal systems and functions as referred to in principles 3.4-3.6. Regarding internal audit, established within Depol S.A. at the beginning of 2023, the internal auditor organizes and develops the internal control and audit function for both the parent company and simultaneously for all subsidiaries. Regarding risk management and compliance systems, like the parent company, these systems are maintained in the Group entities, and their functioning is the responsibility of management boards of those entities.

**Principle 4.1.** The company should enable its shareholders to participate in the general meeting by means of electronic communication (e-general meeting), if it is justified in view of the shareholders' expectations reported to the company, if it is able to provide the technical infrastructure necessary to conduct such a general meeting of shareholders.

The principle is not applied. The Company does not apply the rule due to the existence of various risks related to the organization of a general meeting with the use of electronic communication means, such as the risk of communication interception, the risk of transmission disruptions, the risk of technical problems or legal risks. The available application does not provide a 100% guarantee of safety and due to the limited possibilities of optimizing the occurring risks, now the Company does not decide to organize a possible one. Depol S.A. there are no plans to provide an electronic mode of holding a general meeting, unless such expectations are expressed in large numbers by shareholders.

**Principle 4.3.** The company provides publicly available real-time broadcast of the general meeting.

The principle is not applied. Due to the lack of demand from shareholders reported to the Company, the Company does not apply the practice of general real-time broadcasting of general meetings. The Company publishes all relevant information on the general

meeting in accordance with applicable law, which, in the Company's opinion, ensures transparency and public access to information in this regard. Depol S.A. there are no plans to provide real-time broadcasts of general meetings, unless such expectations are expressed in large numbers by shareholders.

**Principle 4.14.** The company should strive to distribute the profit by paying dividends. It is possible to leave the entire profit in the company if any of the following reasons apply: a) the amount of this profit is minimal, and consequently the dividend would be insignificant in relation to the value of the shares; b) the company reports uncovered losses from previous years, and the profit is earmarked for their reduction; c) the company justifies that allocating the profit for investments will bring tangible benefits to the shareholders; d) the company has not generated any cash that would make it possible to pay a dividend; e) dividend payment would significantly increase the risk of breach of covenants arising from the loan agreements binding on the company or the terms of bond issue; f) leaving the profit in the company is in line with the recommendation of the institution supervising the company due to its specific type of activity.

The principle is not applied. During the last 3 financial years, the Company allocated the net profit generated to supplementary capital, enabling the ongoing expansion of the Company's operational capabilities, and reinvesting the retained profit for the benefit of shareholders. At present, the Company works at establishing a dividend policy, which is planned to be introduced in upcoming months.

### Changes in application of the Good Practices of Companies Listed on GPW 2021

As of January 1, 2023, Depol S.A. applied all the corporate governance principles outlined in the document "Good Practices of Companies Listed on the GPW 2021", except for principles: 1.3.1., 1.3.2., 1.4., 1.4.1., 1.4.2., 2.1., 2.2., 3.6., 4.1., 4.3., and 4.14, as well as principles: 3.2., 3.7., and 3.10., which did not apply to the Company.

Striving to achieve high-quality corporate governance standards, the Company took actions throughout 2023 and up to the date of this Report's publication to increase the scope of applied GPW 2021 principles.

On February 24, 2023, the Company published information about the commencement of the application of principle 3.6. of GPW 2021 regarding organizational subordination of the internal audit director. According to principle 3.6. of GPW 2021, the internal audit director at Depol S.A. is organizationally subordinate to the President of Management Board and functionally to the Chairman of the Audit Committee.

Then, on April 25, 2024, the Company published information about commencement of the application of principles 3.2. and 3.10. of GPW 2021 regarding separation in the structure of units responsible for the tasks of individual systems or functions, unless it is justified due to the size of the company or the nature of its activities, and conducting, at least once every 5 years, by an independent auditor selected with the involvement of the audit committee, a review of the internal audit function. So far, in the Company's assessment, these principles did not apply to the Company. In accordance with principle 3.2. of GPW 2021, considering the size of the Company and the type of conducted business, the Company considered it justified to establish an internal audit unit in its organizational structure at the beginning of 2023. Its goal is to ensure that the internal control system functions correctly, especially in the areas of financial reporting, risk management, and organizational governance. At present, the Company does not see the justification for separating units responsible for the tasks of other systems and functions mentioned in principle 3.1. Regardless of the above, all these systems and functions are maintained in the Company, and Management Board is responsible for their operation. Therefore, the Company considers principle 3.2. to be applied adequately to existing needs.

In accordance with principle 3.10. of GPW 2021, there has been no review of the internal audit function by an independent auditor in the Company so far, as the internal audit in the Company has only been functioning since 2023. However, such a review once every 5 years is provided for in the Internal Audit Quality Assurance and Improvement Program. Therefore, the Company considers principle 3.10. to be applied.

## Shareholders holding directly or indirectly considerable share packets

Shareholders of Depol S.A. holding at least 5% of the total number of votes at the General Meeting of the Company as of December 31, 2023, and as at the date of publication of this Report:

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

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

## Indication of holders of any securities, which provide special control rights, together with descriptions of rights

Dekpol S.A. did not issue any securities that could provide special control rights to the Issuer.

## Indication of any restrictions referring to voting rights

There are no restrictions in the Company regarding the exercise of voting rights, except for those resulting from generally applicable laws.

## Indication of any limitations concerning transferring of Issuer's securities' property rights

As at the date of publication of this Report, there were no restrictions on the transfer of property rights of the Issuer's securities.

## Governing bodies of the Company

### Management Board

#### Personnel composition and the principles of appointing and dismissing members of Management 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 Management Board of Dekpol S.A. in financial year 2023 and until publication date of this Report:

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

The terms of the President of the Management Board, Mariusz Tuchlin, and the Vice-President of the Management Board, Katarzyna Szymczak-Dampc, will expire on December 31, 2024. Their mandates will expire on the approval date of financial statements for the year 2024, in 2025.

### Changes in the composition of the Management Board of Depol S.A.

In financial year 2023, and until the date of publication of this Report, there were no changes in the composition of the Company's Management Board.

### Description of the authority's activities and powers

Management Board conducts company's business and represents the Issuer. Provisions of the Company's Articles of Association introduce the principle that all matters related to the Company's activities not reserved by law or Articles of Association for the General Meeting of Shareholders or the Supervisory Board fall within the competence of Management Board. The acquisition and disposal of properties, perpetual usufruct, or share in property or participation in the right of perpetual usufruct of land do not require a resolution of a General Meeting of Shareholders. The acquisition of properties, perpetual usufruct, or share in property or participation in the right of perpetual usufruct of land for a price exceeding PLN 25 million requires the consent of Supervisory Board expressed in the form of a resolution (§15 para. 4 of the Articles of Association). The internal organization and the manner of performing tasks by Management Board are determined by the Regulations of Management Board, adopted by the Supervisory Board (available on the website <http://depol.pl/lad-korporacyjny/#dokumenty-korporacyjne> or <https://depol.pl/en/corporate-governance/>).

The manner of representation of the Issuer is dependent on the size of the Management Board. In the case when it consists of one member, that member has the right to self-representation of the Issuer, while if the Management Board is multi-personal, declarations need to be done by two members of the Management Board or one member of the Management Board plus proxy. Only the President of the Management Board has the self-representation right. On the other hand, each member of the Management Board is entitled and obliged to manage the affairs of the Issuer, to the extent not exceeding his normal activities.

Management Board resolutions are passed by an absolute majority of votes. In case of equality of votes, decides the vote of the President of the Management Board. The validity of the resolutions taken at the meeting of the Management Board, is subject to prior notification to all its members, as well as the fulfillment of the requirement of a quorum, according to which, necessary is the presence of most members of the Management Board, including the President of the Management Board.

Management staff do not have right to decide on the issue or redemption of shares.

## Supervisory Board

### Personnel composition and the principles of appointing and dismissing members of Supervisory Board

Supervisory Board of Depol S.A. 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 Supervisory Board of Depol S.A. in financial year 2023 and until publication date of this Report:

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

The term of office of Mr. Wojciech Sobczak expired on December 31, 2023, whereby Wojciech Sobczak's mandate will expire on the date of approval by General Meeting of Shareholders of financial statements for 2023 in accordance with Art. 369 § 4 in conjunction with Art. 386 § 2 of the Commercial Companies Code. The terms of office of Mr. Roman Suszek, Mr. Jacek Grzywacz, and Mr. Jacek Kędzierski will expire on December 31, 2024, while the term of office of Mr. Grzegorz Wąsacz will expire on December 31, 2027. The mandates of the aforementioned individuals will expire on the date approval by General Meeting of Shareholders of financial statements for years 2024 and 2027, respectively.

### Changes in the composition of the Supervisory Board of Depol S.A.

In 2023 and until the publication of this Report, there were no changes in the composition of Company's Supervisory Board.

### Description of the authority's activities and powers

Supervisory Board exercises permanent supervision over the activities of the Issuer. The competences of the Supervisory Board include:

1. assessment of the financial statement and of the Report of Management Board on business activities of the Issuer for the previous year, in terms of their compliance with books and documents, as well as with the reality and the assessment of the Management Board concerning distribution of profit or covering of loss and the submission of annual written report on the results of this assessment for the General Meeting of Shareholders.
2. suspending in action, for important reasons, individual or all members of the Management Board and delegating members of the Supervisory Board, for a period not longer than three months, to temporarily perform the duties of members of the Management Board, who have been dismissed, have resigned or for other reasons cannot perform their duties.
3. passage and amendments of the Articles of Association of Management Board.
4. setting the remuneration of members of the Management Board.
5. issue of consent for the acquisition, purchase, disposal and encumbrance by the Issuer of stocks or shares in other companies, accession to or resigning from other companies, entities or joint ventures and the acquisition of companies or organized parts of companies belonging to other entities, except for the acquisition by the Company or its subsidiaries of shares or stocks in companies, as well as joining partnerships established in order to implement development projects by the Company or its subsidiaries, without the participation of third parties.
6. giving consent to conclude loan and credit agreements, issue of bonds (with the exception of the issue of convertible bonds or bonds with pre-emptive rights and the issue of subscription warrants), granting sureties, guarantees, pledge, mortgage, transfer of ownership for security or any other personal security or in kind or any other form of liability for the debts of any third parties, with the value of the benefit in excess of PLN 50 million.
7. expressing consent to perform activities free of charge, with a one-off value of the benefit exceeding PLN 0.1 million.
8. approval of the Issuer's budgets and financial plans as well as any changes to these documents.
9. expressing opinions on periodic reports of the Management Board.
10. giving consent to operations on derivative instruments.
11. appointment of statutory auditor to audit the financial statements of the Issuer (consolidated and separate), as well as approval of the terms and conditions of agreement with statutory auditor and approval of the termination by the Issuer of such an agreement.
12. issue of consent on creation and liquidation of branches of the Issuer.
13. issue of consent on dealing by member of the Management Board with competing interests or participation in a competitive company as a partner or member of authorities.
14. expressing consent on the exercise by the Management Board of the Company of the voting right in its subsidiaries in matters specified in the Articles of Association.
15. other matters reserved for the competence of the Supervisory Board by the provisions of law or the Articles of Association.

Members of the Supervisory Board exercise their rights and duties personally. The functioning of the Supervisory Board determines adopted Regulations of the Supervisory Board, which is subject to approval by the General Meeting of Shareholders (<https://depol.pl/en/corporate-governance/#corporate-documents>).

Members of the Supervisory Board are bound to a prohibition of competition within the meaning of art. 380 Commercial Companies Code. The consent to engage in competitive can be granted by the General Meeting of Shareholders.

## Audit Committee

In accordance with § 4. 4 of the Regulations of the Supervisory Board, this body is authorized to create internal committees, whose main function is to advise, review and issue of recommendations and assessments in selected matters within the competence of the Supervisory Board. In the resolution on the establishment of the internal committee, it shall follow the indication of the name of the committee, the determination of minimum number of members, the appointment of members of the committee, including its chairman and specification of functioning rules of the committee by identification of issues and tasks of the committee.

In financial year 2023 in the Supervisory Board of Depol S.A. there was one committee - the Audit Committee.

The basis for the establishment of an audit committee by Supervisory Board is an Act of May 11, 2017, on Statutory Auditors, Their Self-Governing Organization, Entities Authorized to Audit Financial Statements and on Public Oversight.

### Competences of the Audit Committee

The competences of the Audit Committee are stipulated to:

1. monitoring of the financial reporting process,
2. monitoring the effectiveness of internal control systems, risk management and internal audit including in the field of financial reporting,
3. monitoring the performance of financial audit, especially carrying out by auditory company of an audit, including all requests and findings of Komisja Nadzoru Audytowego resulting from control performed in auditory company,
4. controlling and monitoring of remuneration of statutory auditor and auditory company, especially in case, when for the benefit of the Company are served by auditory company other services than audit,
5. Informing of Supervisory Board about results from audit and explanations, in which way audit contributed to reliability of financial reporting of the Company, and what was the role of the Audit Committee in audit process,
6. evaluation of independency grade of statutory auditor and expressing a consent on serving by him of possible non-audit services,
7. preparation of election of auditory company policy,
8. preparation of the policy regarding serving by auditory company carrying an audit, by entities affiliated with the auditory company and by member of the group of auditory company of non-audit services,
9. setting of procedure of election of auditory company,
10. presentation to Supervisory Board of recommendation, in cases related to election of statutory auditors of auditory companies, in accordance with policies, referred to in points 7 and 8,
11. presentation of recommendations aiming ensuring reliability of financial reporting process in the Company.

### Composition of the Audit Committee

The Audit Committee consists of at least three members, appointed by the Supervisory Board from among its members, for the duration of their term of office as members of the Supervisory Board, provided that at least one member of the Audit Committee shall have qualifications in accounting or auditing and majority of members of Audit Committee, including its President, shall meet the independence criteria in the meaning of the Act of May 11, 2017, on Statutory Auditors (...). At least one member of the Audit Committee shall have knowledge and skills from range of business activities, in which the Issuer carries out its operations, or certain members in described principles should possess knowledge and skills for this industry. In 2023, the principles of Best Practice for WSE Listed Companies 2021 also applied to the members of the Audit Committee.

#### **In 2023 and until publication date of this Report, The Audit Committee operated in the following composition:**

- Jacek Kędzierski - President of the Audit Committee,
- Jacek Grzywacz - Member of the Audit Committee,
- Roman Suszek - Member of the Audit Committee.

In 2023, there were no changes to the composition of the Audit Committee.

In 2023, the Audit Committee conducted regular internal audits at the Company. The Committee continuously analyzed financial data and other significant aspects in various segments of the Company and Depol Capital Group's activities. It kept the other members of Supervisory Board informed about its ongoing activities and provided recommendations regarding financial reports, acceptance of the Company's and Capital Group's annual statements. The Audit Committee remained in constant contact with key auditors from the auditing firm and person responsible for internal audit at the Company. In 2023, the Audit Committee of the Supervisory Board held 8 meetings, conducted both stationary and remotely. All Audit Committee meetings were held with full attendance.

Moreover, in 2023, the Audit Committee supervised the work of internal auditor, appointed by Management Board of Depol S.A. at the end of 2022. As a part of this oversight, the Audit Committee approved the audit plan for 2024, based on assessment of risk in various areas and processes, as well as the update of Internal Audit Procedure in the Depol Capital Group. The Audit Committee supervises the work of the internal auditor by verification of reports submitted by them, including reports on conducted assurance tasks and other activities; the annual report on functioning of internal audit in the Depol Capital Group; and the report on implementation of the audit quality assurance program. Additionally, regular meetings between the internal auditor and the Audit Committee take place to discuss ongoing audit work and previous results. In 2023, two such meetings were held.

Members of the Audit Committee, Mr. Jacek Kędzierski and Mr. Roman Suszek meet criteria of independent members in the meaning of the Statutory Auditors Act, as well as in the meaning of principles of the Best Practices of WSE Listed Companies 2021.

Mr. Jacek Kędzierski and Mr. Jacek Grzywacz meet criteria set in article 129 section 1 of the Statutory Auditors Act. Both – education, as well as professional experience justify affirmation, that they own knowledge and skills in accounting field. All members of the Audit Committee have sufficient knowledge and skills in industry, in which the Company operates.

#### Jacek Kędzierski

Jacek Kędzierski graduated from the University of Gdańsk with a master's degree in Economic Cybernetics and Computer Science with a specialization in Data Processing and Accounting. Moreover, a member of the Supervisory Board is a graduate of postgraduate studies at the Institute of Legal Sciences of the Polish Academy of Sciences in Warsaw in the field of Information Security Administrator. Jacek Kędzierski has been running a business since 1992; as part of it, he has provided financial and accounting advisory services to entrepreneurs (until 2018), and since 2016 he has been focusing on services in the field of personal data protection as a part of a civil partnership run together with the Member of the Supervisory Board - Grzegorz Wąsacz. Jacek Kędzierski acts as a data protection officer in various entities.

#### Jacek Grzywacz

Jacek Grzywacz graduated from the Silesian University of Technology in Katowice, at the Faculty of Organization and Management, specializing in Economics, Finance and Marketing in Enterprises, with a master's degree in organization and management engineering. In addition, the Vice-Chairman of Supervisory Board completed the Study for Financial Directors " Financial Management of Companies " organized by the Privatization Center Foundation - Business Development Institute, under which he obtained, among others knowledge in the field of accounting and finance. As a part of his over twenty years of professional career, he has performed and continues to perform activities in the field of economic and financial consulting, related to restructuring, valuation and due diligence of enterprises, financial liquidity management, corporate credit policy management, financial controlling, financial analysis of investment projects. The main scope of Jacek Grzywacz's activity was and is the assessment of financial statements of various entities as well as acquisition and analysis of financial and accounting data and, on this basis, presenting applications / recommendations to Management Boards / Supervisory Boards / Owners. In the years 1999-2010, the Vice-Chairman of Supervisory Board acted as a staff member of other organizations, and from December 2009, as part of JKG Finanse Spółka z ograniczoną odpowiedzialnością, of which he is a partner and president of management board.

Jacek Grzywacz is also the chairman of Supervisory Board of S&A S.A. and Member of Supervisory Board: MC COMP S.A. and PTWP S.A. He was also a member of Supervisory Boards in the following entities: Sento S.A., Agito S.A., APN Promise Sp. z o.o. (in the years 2009 - 2010) and Esotiq & Henderson S.A. (in the years 2013 - 2020). As a member of supervisory boards, Jacek Grzywacz also gained additional experience and skills in the field of verification of accounting data.

#### Roman Suszek

Roman Suszek graduated in law from the University of Gdańsk, Faculty of Law and Administration. Since 2004, Roman Suszek has been practicing as a counsel at law in the Roman Suszek Legal Advisory Office in Gdańsk, where he provides services to entrepreneurs and public entities. In the years 2012-2020, Roman Suszek also served as a representative in Pannonia Bio Zártkörűen Működő Részvénytársaság (Joint Stock Company, formerly Pannonia Ethanol Zártkörűen Működő Részvénytársaság) with its headquarter in Budapest, Hungary - Branch in Poland with its office in Gdańsk.

## Cooperation principles with statutory auditor's company

The Audit Committee prepared the Policy and Procedure for the Selection of an Audit Firm to conduct the study and the Policy of the Audit Firm conducting the audit of permitted non-audit services. The main assumptions of the above policies are:

1. The entity authorized to audit financial statements is selected by the Supervisory Board, based on the recommendation of the Audit Committee. The selection is made because of conducting the procedure specified in the Procedure for selecting an audit firm.
2. Selection should take place within a period that enables the audit firm to participate in the inventory of significant assets.
3. Governing bodies of the Company participating in the selection and the Audit Committee are guided by the need to ensure impartiality and high quality of the audit, they consider:
  - a. knowledge, professional competences and reputation of the auditing company and the statutory auditor.
  - b. experience of the auditing company and the statutory auditor, in conducting the audit of public interest entities.
  - c. knowledge by the auditing company and the statutory auditor of the industry in which the Company operates.
4. Control and monitoring of the independence of the statutory auditor and the audit firm are carried out at every stage of the auditor's selection procedure.

The first contract for the audit of the financial statements is concluded with the auditing company for a period of not less than two years.

In financial year 2023, the company auditing financial statements of Depol S.A., and the Depol Capital Group did not provide permitted non-audit services to the Company.

There is no remuneration committee in the Supervisory Board, but its establishment by the Supervisory Board in the future is possible, based on the abovementioned competence specified in § 4 sec. 4 of the Regulations of the Supervisory Board.

## General Meeting of Shareholder and Shareholders rights

### The operation of the General Meeting of Shareholders

According to the art. 399 of Commercial Companies Code, the General Meeting of Shareholders is convened by the Management Board. The Supervisory Board has the right to convene the Ordinary General Meeting of Shareholders, if the Management Board fails to convene it within the time specified in the Commercial Companies Code, and the Extraordinary General Meeting of Shareholders, if it deems it necessary. Moreover, a shareholder or shareholders representing at least half of share capital or at least half of total votes are entitled to convene the General Meeting of Shareholders. Pursuant to Art. 400 of the Commercial Companies Code, a shareholder or shareholders of the Company representing at least one twentieth of the share capital may request that an Extraordinary General Meeting of Shareholders be convened, as well as those certain matters be placed on the agenda of the next General Meeting of Shareholders. Pursuant to § 23 of the Articles of Association, General Meeting of Shareholders may be ordinary or extraordinary. General Meeting of Shareholders is held at the Company's registered office or in Starogard Gdański, Gdańsk, Gdynia, Sopot, or Warsaw. There are no provisions in the Issuer's internal regulations that would change the principles of generally applicable law.

General Meeting of Shareholders is convened by an announcement, that should be made at least three weeks before the General Meeting of Shareholders. The announcement should include the date, time and place of the General Meeting of Shareholders and a detailed agenda. In case of intended changes in the statute, it should be cited existing provisions, as well as the proposed amendments. If it is justified by the large scope of the proposed amendments, the announcement may include a draft new text of uniform Articles of Association along with a list of new or revised provisions of Articles of Association. According to the art. 9 paragraph. 3 of the Act on Trading in Financial Instruments, the condition of participation in the General Meeting of Shareholders of a public company with its headquarter on the territory of Poland, is submission at its headquarter, at least one week before the date of General Meeting of Shareholders, of a certificate, issued to confirm the right of the holder of dematerialized shares to participate in this meeting. Shareholders, after the announcement of convening of General Meeting of Shareholders and no later than the first weekday after the date of registration of participation in the General Meeting of Shareholders, can report to the entity running their securities a demand of the issue of a personal certificate of entitlement on participation right in the General Meeting of Shareholders. Shareholders may participate in the General Meeting of Shareholders personally or by proxy (art. 412 of Commercial Companies

Code). Power of attorney to participation in the General Meeting of Shareholders and exercising of voting rights must be granted in written or in electronic form. Regulations of General Meeting of Shareholders (available at <https://depol.pl/en/corporate-governance/#corporate-documents>) indicates ways to verify the notification of granting power of attorney in an electronic form. The proxy is entitled to grant further power of attorney if it results from power of attorney. A proxy may represent more than one shareholder. Shareholders whose shares are registered on the collective account, are eligible to establish separate proxies to exercise the rights from shares, registered on this account. Also, in case of possessing of shares registered in more than one securities account, it is possible to establish separate proxies to exercise the rights from shares, registered on each account.

General Meeting of Shareholders is opened by the Chairman or Vice-Chairman of the Supervisory Board, and then, from the persons entitled to participation in the General Meeting of Shareholders, is being elected the President. Each share carries one vote at the General Meeting of Shareholders. Resolutions are passed by most votes of shareholders present at the General Meeting of Shareholders unless the provisions of the Commercial Companies Code or other applicable laws constitute it otherwise. Resolutions, on which base follows the increase of benefits of Shareholders or depleting their rights, require the consent of all shareholders concerned.

Regulations of General Meeting of Shareholders allow recording of the proceedings by means of electronic information carriers. Recordings of the proceedings of the General Meeting of Shareholders are archived in the Company's registered office and access to them can be provided on the Company's website. Regulations of the General Meeting of Shareholders also allows broadcasting of the proceedings of the General Meeting of Shareholders via Internet and sharing to the public on the Company's website. The General Meeting of Shareholders, in a resolution adopted by an absolute majority of votes, decides on the possible presence at the meeting of media representatives, the recording of their meeting or taking pictures or filming.

### General Meeting of Shareholders' authority

In accordance with the provisions of Articles of Association of Depol S.A., the following matters require a resolution of the General Meeting of Shareholders:

1. review and approval of the statement of the Management Board on activities of the Company and approval of financial statement for the previous financial year.
2. adoption of resolutions on distribution of profit or covering of loss.
3. granting of approval for members of the Company bodies for execution of their duties.
4. adoption of resolutions on determining the dividend record date and the dividend payment date.
5. The amendment of the Articles of Association.
6. adoption of Regulation of the General Meeting of Shareholders.
7. sale or lease of the enterprise or its organized part and establishing of limited property right on it.
8. resolutions concerning claims damages caused while establishing the Company or while managing or supervising.
9. dissolution, liquidation and merger, division, or transformation of the Company.
10. issue of convertible bonds or bonds with priority rights and subscription warrants.
11. other matters reserved for the General Meeting of Shareholders by law or the Articles of Association.

### General Meeting of Shareholders of Depol S.A. in 2023

In 2023 there was one General Meeting of Shareholders of Depol S.A.

On June 26, 2023, the Ordinary General Meeting of Shareholders of Depol S.A. took place, during which resolutions were adopted regarding, among others:

- approval of financial statements and Report of Management Board on business activities of the Company and Depol Capital Group for the year 2022,
- allocation of net profit of the Company for financial year 2022 in the amount of PLN 1,208,184.52 in full to the Company's reserve capital,
- granting discharge of duties to the members of the Company's governing bodies,
- positive opinion on the Report of Supervisory Board on remuneration of members of Management Board and Supervisory Board for the year 2022,
- amendment of the Company's Articles of Association and authorization of the Supervisory Board to adopt consolidated text (as described in more detail in point 8.8 of this Report),
- approval of changes to Regulations of Supervisory Board's and determination of the consolidated text,

- amendment of remuneration of Members of the Company's Supervisory Board.

About the content of all resolutions adopted by the Ordinary General Meeting of Depol S.A., the Company announced in current report no. 21/2023 dated June 26, 2023.

### Shareholder's rights and the way of their exercise

Rights (entitlements) and obligations related to the shares of the Issuer, are governed by the provisions of the Commercial Companies Code, other laws, and the provisions of Articles of Association. The terms of reference of shares of A- and B-series are identical, within the framework of the share capital of the Issuer there are no preferred shares.

Rights correlated with the shares have a financial or corporate nature, and their content presents the following description.

#### Financial rights:

1. The right to participate in profits. Shares of A- and B-series carry equal dividend rights. Adoption of resolutions on determining the dividend record date and the dividend payment date is the prerogative of the General Meeting of Shareholders. With shares are not related other rights to share in the profits of the Issuer.
2. The right of subscription of new shares – is entitled to all shareholders, in proportion to the number of shares (Art. 433 of Commercial Companies Code). However, in the interest of the Issuer, the General Meeting of Shareholders is entitled to deprive the shareholders of right of subscription of new shares completely or partially, and, for the adoption of a resolution in this regard, it is first necessary the announcement in the agenda of the General Meeting of Shareholders and obtaining a majority of at least 4/5 of the votes.
3. The right of participation in the distribution of the residual value of the company – is entitled to all shareholders as the right of participation in the company's assets remaining after satisfying or securing creditors, and the division can take place not earlier than one year after the announcement of the opening of the liquidation and creditors call.
4. The right to dispose of shares - shareholders are entitled to encumber owned shares with pledge or usufruct.

#### Corporate rights:

1. The right to participate in the General Meeting of Shareholders - is granted to all persons who are shareholders of the Company, sixteen days before the General Meeting of Shareholders,
2. The right to vote at the General Meeting of Shareholders - is entitled to all shareholders, and each share entitles to one vote at the General Meeting of Shareholders. According to the Regulations of the General Meeting of Shareholders, it is possible to vote at the General Meeting of Shareholders by mail, using the form available on the website of the Issuer. A vote cast in a form other than the form made available by the Issuer is invalid,
3. Rights of shareholders, dependent on participation in the share capital or one general number of votes:
  - a. the right to convene the General Meeting of Shareholders,
  - b. the right to request the convening of the General Meeting of Shareholders,
  - c. the right to request certain issues on the agenda of the next General Meeting of Shareholders,
  - d. the right to submit before the General Meeting of Shareholders of a drafts of resolutions concerning issues put on the agenda of the General Meeting of Shareholders or matters which might be put on the agenda,
  - e. the right to request election of the Supervisory Board by voting in separate groups.
4. The right to propose during the General Meeting of Shareholders of drafts of resolutions concerning issues included in the agenda,
5. The right to ask questions regarding matters on the agenda of the General Meeting,
6. The right to view a list of shareholders entitled to participate in the General Meeting of Shareholders,
7. The right to request copies of requests on matters included in the agenda of the General Meeting of Shareholders,
8. The right to request the attendance list at the General Meeting of Shareholders,
9. The right to information concerning the Issuer - during the General Meeting of Shareholders, Management Board is obliged to provide to shareholders, on their request, information relating to the Issuer, if it is justified for the assessment of a matter on the agenda,
10. The right to request copies of the statement of Management Board on the operations of the company and the financial statement, together with a copy of the report of Supervisory Board and the senior auditor's opinion,

11. The right to review minutes from General Meeting of Shareholders and request the issuance of certified copies of resolutions certified by Management Board,
12. The right to registered depository certificate issued by the entity keeping the securities account,
13. The right to bring an action for overruling of the resolution,
14. The right to bring an action for annulment of the resolution.

## Amendment principles of Company's Articles of Association

Amendments to the Company's Articles of Association, pursuant to Art. 430 of the Commercial Companies Code is made by resolution of the General Meeting and entry in the register. Pursuant to Art. 415 of the Commercial Companies Code, a resolution of the General Meeting to amend the Articles of Association is passed by a three-fourths majority of votes. The current Statute of Depol S.A. does not contain additional provisions, different from the above-mentioned provisions of the Code of Commercial Companies, regarding the rules for amending the Articles of Association.

In 2023, one amendment to the Articles of Association of Depol S.A. was made.

On August 10, 2023, the District Court Gdańsk-Północ in Gdańsk, VII Economic Department of the National Court Register, registered amendment to the Company's Articles of Association by resolutions No. 17 and 18 of the Ordinary General Meeting of Shareholders of the Company dated June 26, 2023. This amendment involved repeal of the previous content of §19 section 1 and §21 section 2 point 6 of the Company's Articles of Association and granting of new wordings. The change to §19 section 1 of the Company's Articles of Association aimed to align it with Article 389 § 4 of the Commercial Companies Code, in the version effective from October 13, 2022, introduced by the Act of February 9, 2022, amending the Commercial Companies Code and certain other acts. The amendment to §21 section 2 point 6 of the Company's Articles of Association aimed to enable the clarification of provisions of Articles of Association, as well as to adjust financial obligations, for which the consent of Supervisory Board is required, to the current scale of the Company's and Depol S.A. Capital Group's business activities. The scope of registered changes to the Company's Articles of Association and consolidated text of Articles of Association of Depol S.A., adopted by resolution of the Supervisory Board in execution of authorization indicated in resolution no. 19 of the Ordinary General Meeting of Shareholders of the Company dated June 26, 2023, was announced by the Company in current report no. 41/2023 dated August 11, 2023.

The current wording of the Statute of Depol S.A. is available on the Company's website at the address provided.

The current wording of Articles of Association of Depol S.A. can be found on the Company's website at the address: <https://depol.pl/lad-korporacyjny#dokumenty-korporacyjne> or <https://depol.pl/en/corporate-governance/>.

## Internal control and risk management systems relating to statement production process of the Company and the Capital Group

The body responsible for financial reporting process of the Issuer and Issuer's Group is Management Board, which also performs internal control tasks in this area with participation of the Audit Committee, Supervisory Board and an audit company selected to audit financial statements.

Currently, in the Depol Group, there are no formalized procedures concerning process of preparation of reports for the Company and the Capital Group. Financial Department, reporting to the Chief Financial Officer / Financial Director, is responsible for financial reporting activities. Within Financial Department, the Accounting Department and the Consolidation and Process Support Department have been separated, responsible for, among other things, accounting, bookkeeping, and reporting.

Financial statements and reports are prepared based on data obtained from IT systems. The data is processed appropriately.

The key financial reporting processes include activities in the field of obtaining data from individual entities from the Group, their consolidation, data verification, including their compliance with accounting policy, preparation of financial statements and

consolidated financial statements, clarification of doubts raised during audit process. An important process is also the control of tax reserves.

The course of financial reporting processes is controlled by Management Board, as well as Audit Committee and Supervisory Board, which monitor functioning of an internal control system in the field of financial reporting based on constant contacts with Management Board and statutory auditors.

Supervising body analyzes information obtained from Issuer's staff and auditing company, reporting its reservations, and presenting its own observations as to the course of processes, including their timeliness.

Additionally, at the end of 2022, Management Board of Depol S.A. appointed position of an internal auditor. The Internal Auditor reports to the Company's Management Board and, simultaneously, to maintain the principle of independence, functionally reports to the Audit Committee of Supervisory Board of Depol S.A. 2023 was the first period in which the internal auditor performed their duties in accordance with the audit plan and in compliance with International Standards for Internal Audit and the Auditor's Code of Ethics. The Internal Auditor supports the highest supervisory bodies in the Group in ensuring that the internal control system operates correctly, which in turn translates into reliability of the data contained in financial reporting.

## Diversity policy

In the Company it has not been developed any formal diversity policy in relation to management staff of the Company and its key managers. Functions of members of management and supervisory bodies have been entrusted to particular persons independently of their gender, age or education, and according to their professional background and experience. The key personal decisions concerning election of members of company's bodies are made by General Meeting of Shareholders and Supervisory Board, and in relation to top managers – Management Board.

# 9. Remuneration policy



# Remuneration policy

## Remuneration system

On August 31, 2020, Ordinary General Meeting of Shareholders of the Company adopted resolution concerning adoption of the "Policy of remuneration of members of Management Board and Supervisory Board of Dekpol S.A."

The remuneration policy is available on the Company's website at: <http://dekpol.pl/lad-korporacyjny/#dokumenty-korporacyjne> or <https://dekpol.pl/en/corporate-governance/#corporate-documents>.

The principles of remunerating members of the Management Board and Supervisory Board are related to the implementation of the business strategy, long-term interests, and stability of the Company. The basis for determining the total amount of remuneration for members of the Management Board and Supervisory Board is the scope of their duties, individual assessment of the effects of their work, as well as special achievements. The rules and the amount of remuneration of members of the Company's bodies are determined by the Supervisory Board - for the remuneration of the Members of the Management Board and the General Meeting - for the remuneration of the Members of the Supervisory Board.

## Principles and the amount of remuneration of Management Board members

Principles and the amount of remuneration for individual Members of Management Board is determined by negotiation by Supervisory Board in accordance with "Policy of remuneration of members of Management Board and Supervisory Board of Dekpol S.A."

The value of salaries, bonuses or benefits paid, due or potentially due to Members of Management Board for the year 2023 shows the below table:

### Gross remuneration of management staff of the Issuer in thousands of PLN in 2023

Item	Term of office	Fixed remuneration under an employment contract	Fixed remuneration for performing a function in Issuer's Management Board	Other revenues *	Fixed remuneration for holding functions in governing bodies of subsidiaries
Mariusz Tuchlin	Entire year	PLN 183 600	PLN 231 543	PLN 7 626	PLN
Katarzyna Szymczak-Dampc	Entire year	PLN 108 000	PLN 85 736	PLN 7 520	PLN 50 000
<b>Total</b>		<b>PLN 291 600</b>	<b>PLN 317 279</b>	<b>PLN 15 146</b>	<b>PLN 50 000</b>

\* other revenues is employee capital plans, medical care, company car for private use, as well as allowances and other benefits for business travels paid on the basis of lump sums.

In 2023, managing persons did not receive any other awards, benefits, or financial benefits (including conditional or deferred ones). In 2023, members of the Issuer's Management Board were not granted additional benefits in kind for the services they provided.

## Agreements concluded with management staff, providing compensations in case of resignation

There are no agreements concluded between the Company and management staff, providing compensations in case of resignation or dismissal from the function without a valid reason or if their removal or dismissal results from the merge of the issuer by acquisition.

## Principles and the amount of remuneration of Supervisory Board members

In accordance with the provisions of the Articles of Association and the "Policy of remuneration of members of the Management Board and Supervisory Board of Depol S.A.", members of the Supervisory Board for the performance of their function receive remuneration in the amount determined by the resolution of the General Meeting, in addition, they are entitled to reimbursement of costs related to participation in the work of the Supervisory Board.

On June 26, 2023, the Ordinary General Meeting of Shareholders of Depol S.A. adopted resolution regarding the change in remuneration for Members of the Supervisory Board of the Company, setting the monthly remuneration for the Chairman of Supervisory Board at 2,800 PLN net and for each of the other Members of the Supervisory Board at 2,500 PLN net. Regardless of the above, remuneration was also established for Members of the Audit Committee at 500 PLN net for participation in a meeting. The remunerations in the aforementioned amounts are due from July 2023 onwards. The change in remuneration for Members of the Supervisory Board was introduced, among other reasons, due to development of the Company and the expansion of its business activities, as well as increase in prices of goods and services. The remunerations for Members of Supervisory Board at the previous levels were established by Resolution of the General Meeting of Depol S.A. dated June 30, 2021, and amounted to 2,300 PLN net monthly for the Chairman of the Supervisory Board, 2,000 PLN net for each of other Members of the Supervisory Board, and 500 PLN net for Members of the Audit Committee for participation in a meeting.

The value of remunerations, bonuses and benefits paid, due or potentially due to members of the Supervisory Board for the year 2023, shows the below table:

### Gross remuneration of persons supervising the Issuer in thousands PLN for 2023

Item	Term of office	Fixed remuneration under an employment contract	Fixed remuneration for performing a function in Issuer's Supervisory Board	Other revenues *	Fixed remuneration for holding functions in governing bodies of subsidiaries
Roman Suszek	Entire year		PLN 54 098	PLN 812	
Wojciech Sobczak	Entire year		PLN 39 221	PLN 588	
Jacek Grzywacz	Entire year		PLN 48 795	PLN 732	
Jacek Kędzierski	Entire year		PLN 47 270	PLN 0	
Grzegorz Wąsacz	Entire year		PLN 39 221	PLN 588	
<b>Total</b>			<b>PLN 228 605</b>	<b>PLN 2 720</b>	

\* other revenues are employee capital plans and reimbursement of travel expenses to meetings paid on the basis of lump sums

In 2023, supervising staff did not receive any awards, other benefits, or additional financial benefits for performing their functions (including conditional or deferred ones). In 2023, members of Issuer's Supervisory Board were not granted by Issuer benefits in kind for services they provide. Members of Issuer's Supervisory Board do not perform functions in authorities of other companies of the Depol Capital Group and thus do not receive additional remuneration for this.

## **Commitments resulting from pensions and provisions of a similar feature for former Management and Supervisory staff**

In 2023, in the Company there were no obligations resulting from pensions or other benefits of a similar nature for former management and supervisory staff, as well as obligations committed in connection with above mentioned pensions.

# 10. Other information



## Other information

### Court litigations, proceedings in arbitration bodies or in public administration bodies

In 2023, no significant legal proceedings other than those indicated below were pending before a court, arbitration body, or public administration body, concerning liabilities and receivables of the Company or any of its subsidiaries

#### Tax proceedings with Depol S.A. after customs and treasury inspection

On June 16, 2023, Depol S.A. received the result of an inspection conducted based on Article 54(1)(1) and Article 82(1) and (2) of the Act of November 16, 2016, on the National Fiscal Administration, concerning the accuracy of declared tax bases and the correctness of calculating and paying corporate income tax for the year 2019. This inspection was carried out by Pomorski Urząd Celno-Skarbowy w Gdyni (the Authority) as a part of a customs and fiscal control conducted at the Company. In the letter, it was indicated that the difference between the corporate income tax calculated by the Authority for the year 2019 and the amount indicated by the Company in the CIT 8 declaration is PLN 22.8 million, including in particular the tax due to the acquisition of shares by Depol S.A. in exchange for a non-cash contribution in Depol Deweloper Sp. z o.o. in the amount of PLN 22.6 million\*. According to the Authority, the contributed non-cash assets did not constitute an organized part of the enterprise (OPE) of Depol S.A.

The Company strongly disagrees with the assessment made. The method of interpretation of tax law provisions regarding the existing factual situation presented in the protocol lacks justification in the light of the provisions of the applicable law, as well as the case law of administrative courts concerning cases with a similar factual and legal situation. Furthermore, on December 27, 2018, the Company obtained an individual interpretation issued by Director of Krajowa Informacja Skarbowa regarding provisions of VAT tax in the same factual situation, which unambiguously indicates that the contributed non-cash assets constitute an OPE. Evidence of the segregation of a part of the enterprise arises both from the financial statements submitted and the information provided in current reports. The organizational separation of the development activity was clearly evident from the Company's structure, which had been indicating this for many years before the contribution was made, and the financial distinctiveness had been communicated publicly and to the tax authorities on multiple occasions.

On August 3, 2023, by the decision of the Chief of Pomorski Urząd Celno-Skarbowy w Gdyni, a tax proceeding involving the Company was initiated because of the audit mentioned above. The subject of the proceeding is to verify the accuracy of the declared tax bases and the correctness of the calculation and payment of corporate income tax (CIT) for the year 2019, in the context of the contribution-in-kind transaction by Depol S.A. and the acquisition of newly created shares in Depol Deweloper Sp. z o.o.

The Company still completely disagrees with the Authority's position regarding the failure of the assets contributed as an in-kind contribution to Depol Deweloper Sp. z o.o. to meet the criteria of an Organized Part of an Enterprise (ZCP). In the Company's view, all criteria ensuring the tax neutrality of the contribution-in-kind transaction have been met, particularly as the contributed assets constituted, from a financial, organizational, and functional perspective, an organized part of Depol S.A.'s enterprise. The Company presents additional arguments and evidence supporting its position in procedural documents submitted to the authority. At the same time, the Company questions the validity of reasons cited by the Authority in formulating the final conclusions because of the inspection.

About reception of information regarding inspection result, the Company announced in current report no. 17/2023 dated June 16, 2023. The audit result does not constitute a binding decision for either the Company or the Authority regarding the tax matter. Until binding decisions are obtained, the event remains without impact on financial position of the Group. The Company will continue to provide updates on proceeding in subsequent reports.

At the same time, it should be noted that the specificity of business activities conducted by the Depol Capital Group involves a multitude of proceedings related to the enforcement of claims arising from completed projects. There are cases where companies within the Depol Capital Group act as defendants – typically, this is associated with investments carried out as part of property

development activities or general contracting. The Group's business activity also involves proceedings initiated by companies within the Depol Capital Group as plaintiffs.

### Proceeding against Soletanche Polska Spółka z ograniczoną odpowiedzialnością

The Issuer brought an action against Soletanche Polska Sp. z o.o. and Powszechny Zakład Ubezpieczeń S.A. (insurer Soletanche Polska Sp. z o.o.) for the payment of PLN 6.88 million with statutory interest for the delay. The indicated amount consists of claims for damages due to improper performance of the obligation by Soletanche Polska Sp. z o.o. (acting as a subcontractor), i.e. construction works for a third party - the investor. The proceedings are pending before the District Court in Gdańsk. After hearing the witnesses, the court-appointed expert in the case is currently preparing an opinion. The parties currently have an open deadline to raise any objections to the opinion and request the issuance of a supplementary opinion.

### Proceeding at UOKiK

In accordance with the decision of the President of the Office of Competition and Consumer Protection (UOKiK), antitrust proceedings have been initiated to impose a fine for carrying out a concentration, consisting of the establishment of a joint venture by Depol Developer Sp. z o.o. and Depol Inwestycje – Puck Sp. z o.o., without obtaining the consent of the President of UOKiK.

In this case, it is extremely important that the entrepreneurs themselves, because of the conducted checks, determined that the concentration carried out required the consent of the President of the Office of Competition and Consumer Protection (UOKiK) and reported it to the President of UOKiK. The potential penalty will be at a low level because:

1. The entrepreneurs themselves reported to the President of UOKiK (voluntary disclosure),
2. The markets in which the concentration took place are highly competitive markets and the entrepreneurs themselves have shares in them,
3. concentration does not pose any threat to the state of concentration,
4. authority's previous case law confirms that in similar cases the penalties imposed were at a low level.

## Information on employment

The size of the average employment in the structures of the Issuer in the period 2022-2023, broken down into white-collar and blue-collar employees, shows the following table:

### Employment in the structures of the Issuer in the period 2022 - 2023 (average annual employment in period, in persons)

#### Dekpol S.A.

Item	2023	2022
White-collar employees	94,68	91,4
Blue-collar employees	0	0
<b>TOTAL</b>	<b>94,68</b>	<b>91,4</b>

#### Dekpol Capital Group

Item	2023	2022
White-collar employees	478,35	458,7
Blue-collar employees	400,85	479,60
<b>TOTAL</b>	<b>879,20</b>	<b>938,30</b>

The employment size within the structures of the Issuer's Group during the period 2022-2023, at the end of each respective period including employees under employment contracts, is presented in the table below.

## Employment in the structures of the Issuer's Group in the period 2022-2023 (as at the end of the period, in persons)

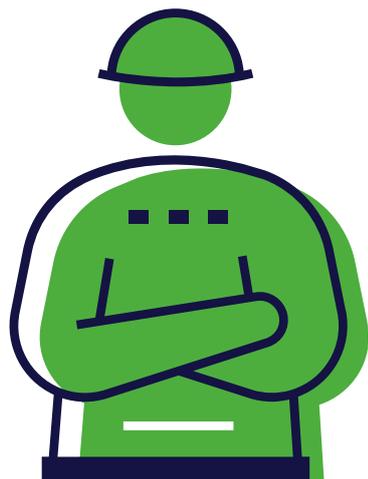
### Dekpol S.A.

Item	31.12.2023	31.12.2022
Employments (persons)	91	98

### Dekpol Capital Group

Item	31.12.2023	31.12.2022
Employments (persons)	904	898

The Issuer further reports that, as of December 31, 2023, the Dekpol Group companies were working with:



- Dekpol S.A. – 111 persons
- Dekpol Budownictwo Sp. z o.o. – 377 persons,
- Dekpol Deweloper Sp. z o.o. 71 persons,
- Dekpol Steel Sp. z o.o. – 189 persons,
- Intek Sp. z o.o. – 153 persons,
- Betpref Sp. z o.o. – 122 persons,
- Kombet Działdowo Sp. z o.o. - 93 persons.

**At the end of 2023, the Dekpol Capital Group team consisted of nearly 1200 individuals.**

## Audit company

The auditing company selected to audit the separate financial statement of Dekpol S.A. and the consolidated financial statement of the Dekpol Capital Group for the financial year 2023 is UHY ECA Audyt Sp. z o.o. based in Warsaw, registered in the Register of Entrepreneurs of the National Court Register under the number KRS 0000422399 and entered in the list of auditing companies kept by the Polish Audit Oversight Agency under number 3886.

The audit firm was selected by the Supervisory Board as a result of the procedure specified in the audit firm selection procedure and in accordance with the recommendation of the Audit Committee. The agreement was concluded on August 18, 2023, for a period of 2 years and covers:

- review of the Company's interim financial statements and the interim consolidated financial statements of the Dekpol Capital Group for the period from January 1 to June 30, 2023, and for the period from January 1, 2024, to June 30, 2024,
- audit of the annual financial statements of the Company and the consolidated financial statements of the Dekpol Capital Group for years 2023 and 2024,
- assessment of the remuneration report for years 2023 and 2024 in accordance with Art. 90 of the Act of July 29, 2005, on Public Offering and Conditions for Introducing Financial Instruments to Organized Trading and Public Companies, together with the Attestation Report.

In previous years, the company used the services of the aforementioned auditing firm for audit of the interim financial statement of the Company and the consolidated interim financial statement of the Dekpol Capital Group for the period from January 1 to June 30, 2021, and from January 1 to June 30, 2022, audit of the annual financial statements of the Company and consolidated financial statements of the Dekpol Capital Group for years 2021 and 2022, conducting an assessment of remuneration report and attestation services for years 2021 and 2022.

The audit company selected to audit financial statements of the Dekpol Developer Capital Group for financial year 2023 is HLB M2 AUDIT PIE Sp. z o.o. based in Warsaw, registered in the National Court Register under the number KRS 0000753977.

### Remuneration paid outstanding for the financial year

Description	31.12.2023	31.12.2022
Audit of annual financial statement	503	546
Review of financial statements	155	42
Tax consultancy services	0	0
Other services	0	0
<b>Auditor's remuneration in total</b>	<b>659</b>	<b>588</b>

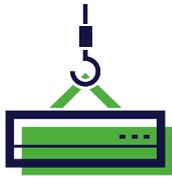
## Major achievements on R&D field

The companies from the Issuer's Group conduct activities aimed at the development of innovative solutions in the field of industry. On their basis, modern technological solutions will be implemented into production. These are experimental and innovative research, and the effect of these works is to be implemented into serial production.

In Q2 2022, the Research and Development (R&D) department was established at Dekpol Budownictwo Sp. z o.o. Within the scope of the R&D department's work, a project for designing prestressed structures was implemented. The structures designed and subsequently manufactured, including at the Betpref Sp. z o.o. prefabrication plant in Toruń, are used in construction projects being carried out.

After developing functional and structural solutions, the design of prefabricated elements in residential buildings for Dekpol Developer Sp. z o.o. was implemented, focusing on maximizing the scale of prefabricated elements used. The implementation of prefabrication of walls in residential construction was preceded by a series of consultations on various similar investments, verification of the profitability of prefabrication, identification of investor needs (especially in terms of analyses and developments regarding the acoustic insulation parameters of elements), and analysis of needs of implementation teams to shorten construction time of residential buildings. Technical equipment projects were prepared for prefabrication plants in Toruń and Działdowo, necessary for implementation of prestressed structures and prefabricated walls in residential construction. Further work related to the standardization of projects undertaken by Dekpol Budownictwo Sp. z o.o. was carried out. Primarily, the catalog of typical structural solutions is continuously updated and expanded, including guidelines for designing and constructing steel, reinforced concrete, and prestressed structures. The catalog of typical solutions and standardization is consulted with all related departments of Dekpol Budownictwo Sp. z o.o., from bidding, through design, coordination, to implementation teams, thus incorporating current and optimal solutions. The catalog of typical solutions and applied standardization facilitate project coordination and positively impact financial efficiency of adopted solutions in the construction industry. The R&D team also continues to work on implementation of innovative structural connections, both in industrial-warehouse and residential construction. It also carries out comprehensive

structural projects and optimizations of structural solutions in design documentation provided by investors for properties constructed by Depol Budownictwo. Efforts have been initiated to determine the criteria for the rational use of hybrid concrete-wooden structures of buildings and further development of standards for structural details in such structures. Work has begun on defining standards for full-branch design according to BIM methodology and implementing a compatible CDE platform covering entire life cycle of a given investment within contractual obligations of Depol Budownictwo.



## As a part of the R&D department's work, prefabricated elements have been implemented in residential construction

Depol Steel Sp. z o.o. is consistently undertaking efforts aimed at developing current products as well as creating new solutions. At present, the main area of focus is reduction of CO<sub>2</sub> emissions both in production process and in operation of manufactured accessories.

Depol Steel Sp. z o.o. continuously strives to meet market needs, thus it consistently conducts research aimed at expanding the scope of work of existing products:

- research into the possibility of deepening the bucket profile,
- research into changing the design of the bucket, leading to an easier way for the bucket to perform technical operations,
- research into hydraulic motors to replace traditional hydraulic cylinders,
- research into increasing the working range of the bucket.

Research continues to develop products with increased strength. The research aims to provide knowledge in the field of innovative solutions in the field of construction accessories, as well as to enable the analysis of new ideas in product application on the market.

## Environmental issues

The Issuer's Group, while operating in the statutory scope, is obliged to comply with environmental protection regulations, which are verified and applied by the Company on an ongoing basis. Responsible actions based on environmental, safety and product quality standards are among the priority tasks of the Group companies, hence, a great deal of emphasis is placed on obtaining and renewing specific ISO or other necessary standards.

Depol Budownictwo Sp. z o.o. has implemented and certified the Integrated Management System ISO 9001:2015 - Quality Management System; ISO 14001:2015 - Environmental Management System; ISO 45001:2018 - Occupational Health and Safety Management System; Eco Vadis certificate (sustainable development assessment); BREEAM certificate (building efficiency assessment in terms of ecological and quality aspects). In 2023, further certifications are planned, including EMAS (Eco-Management and Audit Scheme).

Depol Steel Sp. z o.o. has obtained the following certifications: ISO 9001:2015 - Quality Management System; ISO 14001:2015 - Environmental Management System; ISO 45001:2018 - Occupational Health and Safety Management System; EN 3834 (quality requirements for fusion welding of metallic materials).

Intek Sp. z o.o. has obtained the following certifications: ISO 9001:2015 - Quality Management System; ISO 14001:2015 - Environmental Management System; ISO 45001:2018 - Occupational Health and Safety Management System; certificate for norms EN 3834 (quality requirements for welding of metallic materials); EN 1090 (technical requirements for steel structures).

At the Betpref Sp. z o.o. facility in Pinczyn, the following certifications have been obtained: ISO 9001:2015 - Quality Management System; ISO 14001:2015 - Environmental Management System; ISO 45001:2018 - Occupational Health and Safety Management System; ISO 3834-2:2021 - Quality requirements for fusion welding of metallic materials; EN 1090-2:2018 - Technical requirements for steel structures.

Steel structures use steel purchased from carbon-conscious steel mills.

At the Betpref Sp. z o.o. facility in Toruń, the following certifications have been obtained: ZKP certificates - Certificates of Compliance of the In-House Production Control in the scope of manufacturing slab elements for composite floor systems (EN 13747:2005 + A2:2010), bar structural elements (EN 13225:2013), wall elements (EN 14992:2007 + A1:2012) and retaining wall elements (EN 15258:2008) as well as staircases (EN 14843:2007). A further certification for prestressed bridge beams is planned for 2024.

At the Kombet Działdowo Sp. z o.o. plant, certificates of CCP (Plant Production Control) compliance were obtained in the following areas: manufacturing of floor slabs for composite floor systems (PN-EN 13747+A2:2011 standard), structural rod elements (PN-EN 13225:2013-09 standard), wall elements (PN-EN 14992+A1:2012 standard), retaining wall elements (PN-EN 15258:2009 standard), stairs (PN-EN 14843:2009 standard), and foundations (PN-EN 14991:2010 standard) - inspection report under supervision Z5.PNC.2\_601..07.22: Łukasiewicz Institute of Ceramics and Building Materials from examination dated March 10, 2023.

By implementing good practices in its field of operation, the Group carries out activities aimed at preserving existing natural values and minimizing the negative impact of investments on the environment.

Dekpol Steel Sp. z o.o., in its operations, uses high-quality Hardox 500 TUF steel sheets in the production process, which ensure a longer lifespan for excavator buckets. The Swedish steel mill, SSAB, consistently adheres to rigorous standards in the emission of harmful substances. The level of carbon dioxide emissions is 1.5 tons per ton of steel produced, making the Swedish company significantly surpass its competitors in environmentally friendly practices, where CO2 emissions can reach up to two tons. Furthermore, the use of modern painting systems, utilizing polyurethane paints from Baril, has a positive effect on reducing the emission of harmful substances to trace amounts. In the coming years, the factory in Pinczyn and Lubawa will produce buckets using "green steel" that is manufactured with zero carbon dioxide emissions. Currently, this is being produced in laboratory conditions.

Dekpol Steel Sp. z o.o. places great emphasis on reducing energy consumption and harmful emissions throughout its production process. Additionally, it minimizes waste generation through actions such as optimizing steel cutting, utilizing steel pallets instead of wooden ones, implementing LED lighting in production halls, and providing water dispensers for employees instead of bottled water, among others. Approximately 95% of waste at Dekpol Steel Sp. z o.o. is suitable for recycling.

### Investment plans related to climate issues versus asset impairment risk

So far, within the Dekpol Capital Group, initiatives have been implemented that take climate issues into account. An example is the replacement of the vehicle fleet – when car lease agreements expire, consideration is given to using hybrid or electric vehicles during negotiations for new car contracts. Therefore, the purchase and installation of electric vehicle chargers in Gdańsk, Pinczyn, or Poznań are planned.

In 2024, the Dekpol Capital Group plans to implement an ESG strategy in accordance with requirements of the European Parliament and Council Directive (EU) 2022/2464 of December 14, 2022, amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC, and Directive 2013/34/EU on corporate sustainability reporting (CSRD Directive) and the results of double materiality analysis. These efforts will form the basis for future investment plans. However, since these matters are still under consideration, and their implementation will depend on current macroeconomic conditions and the situation of individual entities, no financial plans or detailed schedules have been developed so far. At this stage, there are no grounds for conducting impairment tests on assets. Emissions trading system and allowable emission levels. There are no emissions trading agreements in the entire Dekpol Capital Group. The entities in the Group operate in accordance with environmental protection regulations. Under these regulations, decisions are made regarding the allowable level of emissions for individual entities. In 2023, none of the entities exceeded these levels.



**In the Dekpol Group, we carry out activities aimed at protecting natural values and minimizing the negative impact of our investments on the environment.**

## Expenditures on culture, sport, charity institutions, media, and social organizations

The Depol Capital Group in its activities is guided by the principles of sustainable development, considering the needs of local communities and the natural environment, therefore it engages in social initiatives, supporting sports, cultural events, and educational campaigns. The list of expenses incurred by the Capital Group for these purposes in 2023 is presented below.

### List of expenditures of the Depol Capital Group incurred in 2022 related to supporting culture, sport, charities, media, and social organizations

Company	Category	Amount (thousands of PLN)
Dekpol S.A.	charity activities for the benefit of individuals	90 555,16
Dekpol S.A.	charity activities carried out by organizations	111 087,83
Dekpol S.A.	Social organizations	11 130,00
Dekpol S.A.	education	8 000,00
Dekpol S.A.	for religious purposes	50 000,00
Dekpol S.A.	culture	5 000,00
Dekpol S.A.	culture and sport	50 000,00
Dekpol S.A.	sport	147 500,00
Dekpol S.A.	investment in infrastructure for the local community	75 000,00
Dekpol Steel Sp. z o.o.	sport	66 062,28
Intek Sp. z o.o.	Social organizations	10 000,00
Dekpol Deweloper Sp. o.o.	education	5 000,00
Dekpol Deweloper Sp. o.o.	for religious purposes	500,00
Dekpol Deweloper Sp. o.o.	culture	27 601,40
Dekpol Deweloper Sp. o.o.	Social organizations	34 657,18
Dekpol Deweloper Sp. o.o.	sport	67 200,00
Dekpol Budownictwo Sp. z o.o.	charity activities for the benefit of individuals	59 700,59
Dekpol Budownictwo Sp. z o.o.	culture	15 000,00
Dekpol Budownictwo Sp. z o.o.	sport	289 097,30
Dekpol Budownictwo Sp. z o.o.	Social organizations	66 818,87
Total		1 189 910,61

## Report on non-financial information

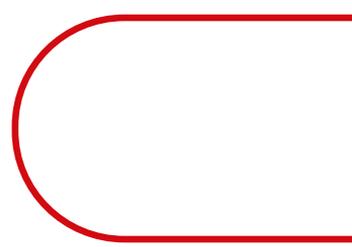
Based on Article 55(2c) of the Accounting Act, the Depol Group has decided to prepare a Report on non-financial information of the Depol Capital Group as a separate document, in accordance with requirements specified in Article 49b(2–8) of the Accounting Act, which will be published on the website [www.depol.pl](http://www.depol.pl).

**Mariusz Tuchlin**

President of Management Board  
Depol S.A.

**Katarzyna Szymczak-Damc**

Vice-President of Management Board  
Depol S.A.



**Dekpol Capital Group S.A.**

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