



Pinczyn, 29th of April 2021

Ladies and Gentleman,

on behalf of the entire Management Board of the Dekpol Group I am pleased to provide you with Consolidated Annual Report of the Dekpol Capital Group for 2020.

Regardless of the coronavirus pandemic, which led to many changes in the global economy, the past year was a successful year for the Capital Group in terms of business activities and a record-breaking year in terms of financial results.

Despite demanding market conditions, the Group generated PLN 1.055 billion in sales revenues in 2020, which means an increase by 36.63% compared to 2019. Gross margin on sales increased by 2.2 pp. and reached 13.02%. EBITDA in the context of the previous year amounted to PLN 92 million, while operating profit increased by PLN 10 million. As a result, the Group ended the year with a net profit of PLN 52.8 million.

It is worth to mention, that in 2020 the results were generated from the Group's current basic operating activities, while in 2019 a significant share in the result was the value related to revaluation of investment properties.

Comparison of result on basic operating activities understood as profit on sales, year-on-year, indicates a dynamic increase in 2020 by 87.7% (PLN 81.3 million vs PLN 43.3 million). It constitutes a significant confirmation that the strategic direction chosen by us is right. It is based on sustainable development based on three complementary pillars of our business: General Contracting segment (Dekpol Budownictwo), Real-estate Development (Dekpol Deweloper) and Production of accessories for construction machines (Dekpol Steel).

General Contracting Segment, separated at the beginning of this year to Dekpol Budownictwo, achieved PLN 654 million in revenues last year (versus PLN 487 million in 2019), moreover, there are also internal orders for Real-estate Development segment at the level of approximately PLN 100 million per year. The company has an established, high market position and very good references, which is appreciated by both new clients and contractors with whom the company has already cooperated. At the end of 2020, our portfolio included contracts for external entities with a total contractual value of over PLN 900 million net. Projects with a total value of over PLN 338 million net remained to be implemented after reporting period, while within internal activities for Real-estate Development segment we had contracts worth over PLN 130 million, of which approximately PLN 70 million remained to be implemented (the vast majority of works will be completed in this year). The company takes advantage of good economic situation in construction and assembly sector, supported by dynamic development of e-commerce sector, which reports a need for

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modern warehouse and logistics spaces to achieve its business goals. The company's goal is still stable and prudent development in this market segment.

Last year, Dekpol Developer carried out projects covering construction of housing estates, luxury apartment buildings as well as a condo hotel. Last year, Real-estate Development Segment generated PLN 287 million in revenues, which gave identification of 622 premises in sales revenues. High contribution of the Real-estate Development segment to Group's results is primarily the result of completion of the Grano Residence investment. Dekpol Developer, in accordance with adopted strategy, implements investments that meet the various needs of customers, including gaining experience and recognition in the segment of apartment investments, characterized by high margins. The coronavirus pandemic forced the company to verify some of its plans for selling and launching new investments due to the extended administrative procedures. On the other hand, we were actively looking for new business opportunities, which resulted in signing of a preliminary sales agreement (after the balance sheet date) of the Braniborska project to an institutional investor. This is one of the first such transactions on the growing PRS market in Poland and we do not preclude, that more will be concluded in the future. Due to the constant increase in the demand for flats, the aim of the Company is to achieve further increase in sales of flats.

From among of three segments of the Group, business activities of Dekpol Steel in 2020 were most heavily affected by effects of the pandemic. Especially in the second and third quarter, a slowdown in production of construction machines was observed - most OEM customers closed their factories at that time, which resulted in a decrease in segment's revenues in 2020 by 11.1% to PLN 80.62 million. I am convinced that Dekpol Steel, thanks to experience, effective planning and determination of the team, used this difficult time very well. In addition to maintaining of production continuity, investments were also made in its automation and robotization, as well as human resources were strengthened. Taking into account the above investments, as well as the fact that in the fourth quarter and in 2021 we saw a sustained rebound in the number of orders placed, we expect further development of Dekpol Steel in the following quarters. The company places great emphasis on development of robotics, employment and sales channels, which enables increase of sales and improvement of results.

From the Parent Company's point of view - Dekpol S.A., in 2020 revenues were achieved at the level of PLN 802 million. Revenues were generated mainly from General Contracting segment's activities as the last remaining segment within Dekpol S.A., after separation of the other two. On a standalone basis, General Contracting segment recorded an increase in revenues by 23% y / y in 2020 (PLN 744 million vs PLN 605 million). Gross margin of Dekpol S.A. was maintained at the level of approx. 8%,

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while net profit of the parent company was at the level of PLN 23 million - which accounted for 2.8%.

After completion of the separating processes of individual business segments into separate companies, Dekpol S.A. acts as the holding company managing the Capital Group.

Reorganization activities carried out in previous years are aimed at adjustment of structures and resources to increasing scale of operations of individual segments and the entire Group. We assume that this action will lead to systematic improvement in efficiency and financial results. Our achievements in this field, as well as works in area of maintaining of optimal, stable and safe financial situation are valued by investors, which resulted in implementation of bond issue programme worth PLN 50 million, confirmed by significant subscription. Successful bond issues were carried out after balance sheet date. As a result, and now, the vast majority of our financial liabilities mature in over 3 years.

Current development of the Dekpol Group is beneficial for Shareholders. This can be seen through the prism of increase in the value of Company's shares - over the year, it increased by over 100%. The current rate is around PLN 37. I am convinced that further improvement of processes and investing in development of the Company will contribute to consistent increase in its value.

Summing up the demanding business, although successful year 2020, I would like to thank all those involved in development of the Dekpol Group: the Team, Contractors, Shareholders and Financing Institutions.

I am very glad that at this difficult time for employees and enterprises, the Group's readiness for implementation of changes and taking up many new challenges led the Company to achieve success.

Sincerely

Mariusz Tuchlin

President of Management Board of Dekpol S.A.

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