



Pinczyn, 29th of April 2022

Ladies and gentlemen,

on behalf of Management Board of the Dekpol Capital Group, I am pleased to provide you with Consolidated Annual Report of the Dekpol Capital Group for 2021.

The past year was another demanding period for all those involved in business activities. We dealt with successive waves of the COVID-19 pandemic and their effects in the form of, among others, disrupted supply chains, significant inflation of costs of materials and services, as well as changes in the legal and tax environment.

Despite this dynamically changing environment, which presents us with new challenges, the Group achieved very good financial results in 2021: PLN 1,25 billion in sales revenues, which means an increase by 19% compared to 2020. The gross margin on sales was maintained at the level of approximately 13%. The operating profit amounted to nearly PLN 113 million and, as a consequence, the Group closed the year with a net profit of PLN 75.7 million (adjusted for a one-off event related to the acquisition of INTEK: PLN 55,5 million). The results achieved last year once again confirm the correctness of DEKPOL's strategy of sustainable development based on three complementary business pillars: the General Contracting segment (Dekpol Budownictwo), Property Development (Dekpol Deweloper) and Production of accessories for construction machines (Dekpol Steel). After successful performance and completion during the last year of the process of reorganization and separation of individual business segments to the appropriate companies, DEKPOL S.A. acts as a holding company in the Group.

The General Contracting Segment, represented by Dekpol Budownictwo, achieved last year a high level of PLN 850 million in revenues (versus PLN 654 million in 2020), with satisfactory profitability, which gave an operating result of PLN 49,7 million. Despite many challenges related to the surge in material and service costs, the GC team has proved that it can quickly respond to changes in market environment. Thanks to the prudential procedures developed and implemented by the team regarding the offer and focus on the performance of short-term contracts, the Company dealt well in extremely difficult conditions. Dekpol Budownictwo 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 2021, our portfolio included contracts for external entities with a total contractual value of over PLN 1,3 billion net. After reporting period, projects with a total value of over PLN 570 million net remained to be implemented, while as a part of internal activities for the property development segment, we had contracts worth PLN 410 million, of which approximately PLN 305 million remained for implementation. During the first months of 2022, our ordering portfolio keeps growing, while our long-term task is continuation of



stable and prudent development, including undertaking of measures in order to secure implementation of current and future projects.

Last year, Dekpol Developer continued implementation of projects covering construction of housing estates, luxury apartment buildings as well as a condo hotel. Last year, the property development segment generated PLN 254 million in revenues, which included the recognition of 406 units and partial income from the project implementation in the Private Rental Segment (PRS). Thanks to a very good, 19% margin, the Company closed the year with an operating result of PLN 49.3 million. Thanks to the consistent expansion of the sales offer, Dekpol Developer can boast a very high level of contracting: in 2021, contracts for sales of 490 units were concluded, which will be positively reflected in the segment's results in upcoming years. Dekpol Developer's portfolio is diversified and well-suited to the needs of the market - it includes both popular and premium segment apartments, which, in the face of increasing inflation, are treated by customers as a safe haven for their capital. The company's business goals for 2022 are also ambitious: achievement of revenues of PLN 250 million thanks to the recognition of approximately 540 units in financial result and revenues from implementation of investments in the PRS formula.

After difficult 2020, last year Dekpol Steel returned to the path of dynamic growth and recorded record-breaking results in its history. The Company's revenues more than doubled, to PLN 120 million, and thanks to the maintenance of a solid level of margins, the operating profit amounted to PLN 12,6 million. In 2021, the Company's position on the domestic and European market strengthened. Thanks to the full standardization and stabilization of production processes, the Company dealt with the growing level of orders, while facing challenges related to dynamic fluctuations in the cost of materials, primarily steel. In connection with the acquisition by Dekpol Steel of a large number of new orders and the planned further dynamic development of the Company, activities in the area of M&A were activated, which resulted in concluded agreement for the acquisition of INTEK company from Lubawa. Thanks to the transaction, the Dekpol Steel team was enriched by about 200 qualified employees with similar competences, and the Company's resources expanded by twice the production area of Pinczyn. We expect that, as a result of the transaction, the revenues of Dekpol Steel should increase to the level of even approx. PLN 300 million within three years. In addition, the company places great emphasis on the development of robotics, employment and sales channels, which should support further sales growth and improvement of results.

The demanding business environment presents us with challenges, but also generates business opportunities. Due to the fact that the DEKPOL Group is flexible and carefully analyzes market environment, and thanks to the maintenance of a safe and stable financial situation, despite continuing dynamic development, we were able to take advantage of such an opportunity, as exemplified by acquisition of the INTEK company. At this point, I would like



to thank all those involved in the development of the Dekpol Group: The Team, Contractors, Shareholders and Financing Institutions. Success is the sum of responsible approach and extraordinary engagement of all of us to our everyday tasks.

One of the priorities for 2022, both for Dekpol S.A. as well as for the companies belonging to the Group, is to take practical measures taking into account the ESG (Environmental, Social, Governance) aspect to a greater extent than before. We see this as an opportunity to improve effectiveness of individual units, to reduce consumption of natural resources and to increase engagement of employees, as well as to meet better expectations of our contractors in this regard.

Summing up the very successful 2021 for the Group, I cannot disregard refer to the current situation we all found ourselves in. We are - as the DEKPOL team - deeply shaken by the aggression of Russia and the initiation of the war in Ukraine with all its tragic consequences. At present, it is impossible to estimate the impact of the ongoing war and its consequences on the situation in the region and in the world, and thus on the Group's operations in the medium and long term. We analyze the situation on an ongoing basis in all areas of our business activities and at the same time actively engage in aid activities for our neighbors.

Sincerely

Mariusz Tuchlin

President of Management Board of Dekpol S.A.