

Pinczyn, 28th of April 2023

Ladies and Gentleman,

The year 2022 was undoubtedly another demanding period for all entrepreneurs, following the pandemic period. Just when we thought that the biggest turmoil was behind us, another "black swan" appeared - the outbreak of the war in Ukraine, with all its consequences, becoming an additional catalyst for negative market trends such as disrupted supply chains, inflation, high interest rates or overall uncertainty.

As a result, the year 2022 was another test for us, which confirmed that diversification of business activities within DEKPOL and a strategy based on development in three main complementary segments and in increasingly important area of prefabrication (Betpref) brings results and allows to mitigate unfavorable trends within the Group. Our revenues increased by 10% and exceeded PLN 1.38 billion, and net profit increased by over 4% to just under PLN 80 million - so we achieved, despite a very demanding environment, very good results in the history of the Group.

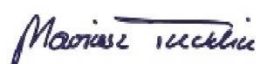
The General Contracting segment (Dekpol Budownictwo) achieved very good results for another year in a row, exceeding PLN 1 billion in revenue. Focus on short-term contracts and continuous improvement in the area of offering allowed us to maintain margins at a satisfactory level despite the dynamically growing prices of materials and services. In these turbulent times on the market, one of the key elements for our success turned out to be the availability of materials. As a result, our own production of concrete and steel prefabricates significantly contributed to the successful execution of contracts in 2022. The Betpref company, which we have been constantly developing and equipping with new technological lines since its acquisition in 2018, focused on fulfilling orders for external construction companies in 2022. Additionally, seeing the prospects and development of the prefabrication market, in summer of 2022 we acquired the Kombet plant in Działdowo. Our intention is to further develop in the area of prefabrication, as we see great potential in it.

Contribution of Dekpol Deweloper to the Group's results was lower in 2022 due to specific schedule of handing over of individual projects. Due to the end of the credit boom, the level of newly concluded agreements was lower than planned at the beginning of 2022. However, historically high participation of "cash" customers and a wide, diversified offer allow the company to achieve satisfactory sales levels with good margins.

Dekpol Steel has had another good year in terms of revenues. Thanks to the acquisition of the Intek plant in Lubawa (in 2021), we have increased our production capacity and achieved very good volumes of both, production and sales in the first half of the year. However, the outbreak of war in Ukraine led to a weakening of demand in the segment of buckets and accessories, which, combined with rising costs, was reflected in financial results. Thanks to unhesitating and quick decisions of the Management Board, within a few weeks Dekpol Steel and Intek began production for customers in the promising offshore, green energy, and other steel construction segments. Additionally, the process of obtaining licenses required for suppliers in the defense segment, including NATO, has been initiated. We believe that this temporarily difficult time may pay off in the future.

To sum up the past year, it should be emphasized that as a Group, we are able to flexibly approach challenges and continue to develop in demanding times. Consistently, despite a difficult environment, we strengthen our foundations, invest in team development and human capital, and seek business opportunities, thus constantly strengthening our position in the market.

I would like to thank all employees for their daily contribution and engagement - the success of the Group is the sum of their knowledge, experience, and determination in fulfillment of delegated tasks.



Mariusz Tuchlin
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