

*Dear Sir or Madam,
Dear Shareholders,*

on behalf of the Management Board of Relpol S.A., it is my pleasure to present you with the annual reports of the Company and Relpol Capital Group for 2017.

In the past year, the Capital Group generated the highest revenues from sales in the history of its operations, amounting to PLN 123,429 thousand, which constitutes an increase of 7.9% in comparison to 2016. The revenues from sales earned by the parent company, Relpol S.A., amounted to PLN 115,533 thousand and were 8.9% higher than in the previous year.

The source of the greatest impact on the achieved results was a favourable economic situation on foreign markets. Special attention should be paid to the increase in sales on the German market as a result of the growing portfolio of customers and the process integration with key customers. The record-high sales of products on the Asian market should also be noted. The value of sales on the domestic market was comparable to the previous year. The results on domestic sales continue to be affected by the limited level of investments in the energy and electrotechnical engineering sectors. Taking into account the fluctuations of foreign exchange rates and the increase in the costs of raw materials, we achieved satisfactory net results. The net profit in the Capital Group amounted to PLN 5,811 thousand, and in Relpol S.A. – PLN 6,052 thousand.

In 2017, similarly to the previous years, we conducted a number of production, logistics, technological and commercial activities. The detailed information is included in the Management Report on the Operations of the Company and the Capital Group.

In 2018, we are going to carry out the development projects for new products, as well as make investments which will optimise the technological and production processes etc., aimed at reducing the costs of production.

We assume that the sales achieved in the first months of 2018 on foreign markets and the expected rise in the investment expenditures in the Polish economy will result in the increase in revenues from sales as compared to 2017.

Last but not least, I would like to thank our customers, suppliers, shareholders and the Supervisory Board for their trust and fruitful cooperation. I would also like to thank all employees of the Capital Group of Relpol S.A. for their involvement and dedication. We owe our success to you.

Yours faithfully,

Sławomir Bialik
President of the Management Board