

IMPACT OF THE CORONAVIRUS EPIDEMICS ON THE ISSUER'S SITUATION AND THE CAPITAL GROUP

Current report 3/2020

The Management Board of ULMA Construcción Polska S.A. (further referred to as the 'Issuer'), following the recommendation of ESMA, hereby publically announces what measures have been taken with regard to the outbreak of the coronavirus epidemics (COVID-19) and what impact it has on the condition of the construction market and the Issuer's business activity.

Last week the Issuer's Management Board prepared a detailed contingency plan which, according to the Management Board, will enable an ad-hoc minimization of the risk, on the one hand, and maintenance of the Issuer's business operational capacity, on the other hand. The undertaken countermeasures, including, in particular, restricted physical contact between the employees (work in two groups) and remote work, as well as intensified disinfection procedures are currently, according to the Management Board, a very effective method for minimization of the risk and maintenance of the Issuer's business operational capacity, taking into account the overriding aim of protecting the health of our employees and their family and close friends.

Until today, the Issuer's Management Board has not recorded any significant decreases in the market demand for the services offered by the Capital Group. Nevertheless, it is predicted that the short-term impact of the coronavirus epidemics on the Issuer's business will be negative, but at the time being its scale is difficult to estimate, because particular segments of the construction market in the country and abroad are at a various risk level of the economic downturn:

The situation in the **engineering segment** in Poland, where the Issuer usually records **25%** of its total incomes from the core business activity – providing services for construction sites – depends on the situation of public finances and the capacity of the State Treasury to finance construction projects. Therefore, if the current situation related to the coronavirus epidemics leads to the transfer of domestic funds from this market segment to other immediate social needs, e.g. health care, the situation will cause a slowdown in the pace of initiation of new constructions or delays in completion of constructions which are already under way, which – for its turn – will translate into the Issuer's financial results. Notwithstanding that, the Issuer's Management Board estimates the risk of such a scenario in the medium term as moderate, particularly taking into consideration the financial support which Poland should receive from the European Union by way of ad-hoc aid to fight the effects of the coronavirus epidemics.

On the other hand, the incomes in the **industrial segment**, where the Issuer usually has approximately **15%** of its total incomes from the core business activity – providing services for construction sites – are so negligible that the Management Board does not see any material negative consequences for its business even if completion of constructions in this market segment were to slow down.

However, the Issuer's Management Board sees a considerable risk element in the **segment of large-volume buildings**, where the Issuer usually gathers about **60%** of its total incomes from the core business activity, i.e. providing services for construction sites. The situation in this segment of the construction market to a large extent depends on the situation in private finances and the investment propensity among private investors. Negative impacts of the outbreak of the coronavirus epidemics

which find their reflection in that sector may to the largest extent contribute to a drop in the demand for the Issuer's services, even in the medium term. The Management Board estimates that every 10% of a decline in that segment could decrease the incomes recorded by the Issuer by approximately 5,000 – 8,000 thousand PLN annually.

The Issuer's Management Board will be reacting in real time to subsequent market events related to the coronavirus epidemics (SARD-CoV-2) and the effects of the epidemics (COVID-19) on the actual state of both the domestic economy and the export markets where the Issuer's Capital Group operates, and will endeavour to adjust the business to the realities. All important events which affect the financial results and the economic situation of the Issuer itself or its subsidiaries will be communicated immediately after their occurrence in separate reports on the current situation.

Legal basis: Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, Art. 17, point 1.

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Signatures: Andrzej Sterczyński – Member of the Management Board

Krzysztof Orzełowski – Member of the Management Board