

Subject: The impact of the armed conflict in Ukraine on the situation of the Issuer's subsidiary.

In connection with recent events in Ukraine, the Management Board of Ulma Construcción Polska S.A. hereby provides information on the risk of the impact of the events related to the armed conflict on the territory of Ukraine on the results of Ulma Opalubka Ukraina sp. z o.o. ("Subsidiary"), and thus on the consolidated financial results of Ulma Construcción Polska Group ("Group").

Today, the Management Board has reviewed the current situation both in terms of the safety of the employees of the Subsidiary and of maintaining the ability to control and protect the assets held by the Subsidiary. As a result, security procedures have been reviewed and it has been ascertained that the persons working at the Subsidiary remain and reside in conditions that allow them to ensure their personal security.

As a result of the analyses, the Management Board has also reviewed the ability to control and maintain the security of the Subsidiary's assets.

(a). in the case of the part of assets located in the Subsidiary's warehouses, it has been ensured that the warehouse locations remain protected. The Subsidiary has its warehouses in industrial areas which remain under additional professional protection of the owners of those areas.

(b). the assets held by the Subsidiary's customers are located on construction sites supervised and controlled by them.

These facts allow for moderate optimism regarding the maintenance of control and protection of the Subsidiary's assets. Nevertheless, the Management Board cannot exclude the negative impact of the risk related to the escalation of military operations in Ukraine; however, its scale and scope will depend on which part of the territory of Ukraine will be affected by the possible escalation.

1. Estimated figures regarding the Subsidiary's balance sheet items and their estimated impact on the relevant balance sheet items of the Group as of 31.01.2022

Fixed assets:	PLN 36,769 thousand, representing 13.6% of the Group's fixed assets
Current assets:	PLN 23,300 thousand, representing 19.4% of the Group's current assets
Total assets:	PLN 60,069 thousand, representing 14.9% of the Group's total assets

Among the balance sheet items listed above, the largest one is the fixed and current assets of the Subsidiary used in operations on the territory of Ukraine, i.e. rental and sale of formwork systems.

2. Analysis of the geographical distribution of the Subsidiary's formwork-related assets in Ukraine

In view of the current situation, the Management Board has analysed the geographical distribution of this equipment in the warehouses of the Subsidiary and on the construction sites operated by the Subsidiary. As a result of the analysis, the following data has been determined:

1. On the territories of the self-proclaimed republics of Lugansk and Donetsk, there are currently assets of the Subsidiary with a book value of approximately **PLN 0.2m**, which represents

merely **0.5%** of total assets held by the Subsidiary and only **0.1%** of total formwork-related assets owned by the Group.

Consequently, it should be stated that the risk associated with a probable event of loss of control and protection of formwork-related assets in this area by the Subsidiary, although relatively high, is insignificant in terms of the balance sheet items of the whole Group.

2. On the other hand, in the region located in the vicinity of the self-proclaimed republics of Lugansk and Donetsk, i.e. in the Odessa and Dnipropetrovsk regions, there are assets of the Subsidiary with a book value of approximately **PLN 8.1m**, which represents approximately **23.4%** of total formwork-related assets held by the Subsidiary and **4.3%** of total formwork-related assets owned by the Group. These assets are located on construction sites operated by reliable Ukrainian customers or in warehouses in Odessa or Dnipropetrovsk, which are protected.
3. The Subsidiary's formwork-related assets with a book value of approximately **PLN 20.9m**, which represents **60.3%** of total formwork-related assets held by the Subsidiary and **11.03%** of total formwork-related assets owned by the Group, are located in and around Kyiv.
4. The remaining part of formwork-related assets is located in Western Ukraine.

In the context of the armed conflict and in the light of its current knowledge, the Management Board does not exclude the existence of a certain risk of losing control over the above-mentioned assets, although the Management Board is by no means able to determine the scale of this risk and its impact on the results of the Group in the coming periods.

3. Current assets of the Subsidiary excluding inventories

The Subsidiary's listed current assets excluding inventories, representing construction formwork for sale, mainly include trade receivables and cash.

In terms of optimising cash levels, the Management Board of the Group has been for some time already carrying out operations involving the cash pooling procedure. As of today, the Subsidiary's cash position amounts to approximately **PLN 8.3m** (translated according to the current exchange rate), which for the most part represents advances and prepayments received from contractors for the performance of future contracts which are denominated in UAH.

All cash held by the Subsidiary is kept on bank accounts with recognised commercial banks having high financial and liquidity ratings, which are subsidiaries of western banks such as BNP Paribas.

On the other hand, the above-mentioned level of cash resources points to high liquidity of our Subsidiary, which is prepared to carry out business tasks and meet its obligations on time.

Out of the working capital items indicated above, trade receivables account for **PLN 7.7m**. At present, there have been no significant delays in the inflow of receivables from the Subsidiary's customers; however, the Management Board does not rule out that in the event of an escalation of the conflict with Russia and increased hostilities, the quality of the Subsidiary's receivables portfolio may significantly deteriorate, but the scale of this deterioration is currently very difficult to estimate.

4. Estimated impact of the current situation on the Group's results

In the last two years, the operating activities of the Subsidiary generated very good results, which had a positive impact on the financial performance of the Group. The effectiveness of our commercial

activities in Ukraine was related, on the one hand, to the re-modelling of our business in order to be awarded public contracts for the construction of bridges and viaducts and, on the other hand, to the fact that the Ukrainian economy enjoyed significant financial support from the EU or the World Bank.

The current situation will certainly have a negative impact on Ukraine's ability to continue its development path and therefore on the financial results achieved by the Subsidiary and by the Group in the coming periods. This results from the fact that in the last two years they have accounted for a significant share of the Group's consolidated data, including on average:

- a) **19%** of the Group's consolidated revenues
- b) **36%** of the Group's consolidated operating profit from operating activities

However, the scale of the negative impact of the current conflict on the sales levels and financial results of both the Subsidiary and the Group in the coming periods is difficult to estimate.

The Management Board will be following the developments on an ongoing basis and issuing notifications in this respect.

Legal basis: *Article 17(1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse 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.*

Date: 24. 02. 2022

Signatures: *Andrzej Sterczyński – Member of the Management Board*

Krzysztof Orzełowski – Member of the Management Board