

Current Report No. 01 / 2023

Subject: Updating of the information relating to the impact of the armed conflict in Ukraine of the Issuer's subsidiary.

Due to the end of 2022 and the preparation for publication of preliminary financial and operating data of ULMA Construcción Polska S.A. Capital Group for 4 quarters of 2022 roku, the Management Board of ULMA Construcción Polska S.A. ("Issuer") hereby provides updating 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 S. A. Capital Group ("Capital Group").

In 2022, starting from the outbreak of war in February 2022, The Issuer's Management Board cooperated with the Management Board of the Subsidiary on an ongoing basis to secure the company's employees and its assets.

In particular, as early as Q2 2022, the Subsidiary's Management Board has made efforts to:

1. the purchase of personal protective equipment, including equipment necessary for the continued operation of both warehouses and offices. During this time, generators were also purchased to allow continuity of operation during periods of power cuts. Securing remote working opportunities for office workers was also an important support.
2. confirm the Subsidiary's assets on active contracts and construction sites held by the company's customers. In particular, the inspection work was aimed at obtaining the relevant confirmations, as required by law and accounting regulations, indicating that the company's customers actually owned the leased assets and that the Subsidiary's employees inspected the construction sites. It should be pointed out that these activities were effectively continued until the end of last year.

Throughout 2022, the Subsidiary's warehouses operated continuously, making it possible, on the one hand, to bring in equipment from active construction sites in Ukraine, and on the other hand, to move equipment from areas more prone to military attacks (i.e. Odessa or Dnipro) to relatively peaceful areas such as Kiev or Lviv, or even to Poland.

In addition, the Subsidiary took a physical inventory of the assets located at the storage yards in two periods, i.e. in July 2022 and in November 2022 (the latter inventory was carried out in the presence of the independent auditor's staff). The aforementioned stock-taking activities were appropriately, and in accordance with formal requirements, documented and included in the Subsidiary's financial statements in past periods.

It is also worth pointing out that, in accordance with accounting principles, fixed assets are still subject to depreciation, which consistently and progressively reduces their balance sheet valuation, and that an additional one-off event related to the devaluation of the hryvnia against a basket of currencies including the PLN by 16.6% in July 2022 resulted in a decrease in this balance sheet valuation denominated in the functional currency, which for consolidated reporting purposes is the PLN.

According to the forecast as of 31 December 2022, the share of the Subsidiary's fixed assets and inventories calculated at net PLN value decreased to **7.01%** from the **13.63%** recorded as of 31 December 2021.

Notwithstanding the above, the objective perception of the formula of the military conflict in Ukraine has also changed over the past period.

In view of the many pieces of information about the military assistance provided to Ukraine by individual EU countries and the USA, thanks to which the country can increasingly effectively defend itself against attacks, as well as the information about the effectiveness of the defence against missile attacks, the Issuer's Management Board would like to point out that the risk of destruction of the shuttering equipment or loss of control over it by the Subsidiary has changed from a systemic to an incidental nature.

In previous periods, the Issuer's Management Board, together with the Subsidiary's Management Board, monitored the course of the war, analysed and internally quantified various scenarios of escalation of the conflict, while examining which regions might be more or less threatened by a potential invasion by the Russian Federation, determining the likelihood of such events.

At present, in view of the above-mentioned facts, the received accounting documentation prepared on the basis of the factual activities indicated above, and in the absence of premises for building further negative scenarios for the development of the armed conflict, the Issuer's Management Board has decided to limit the amount of the write-down for the risk of permanent destruction of the Subsidiary's assets only to that part which has not been confirmed by the company's customers or that which remains in the territory occupied by the aggressor. Its amount at the consolidated Group level will be **PLN 436 thousand**, which will result in the reversal of the previously established provision of **PLN 3 933 thousand** as of 31 December 2022.

Notwithstanding the foregoing the Management Board of the Capital Group will continue to carry out an ongoing monitoring and make relevant notifications and publications in this regard.

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: 27. 01. 2023

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