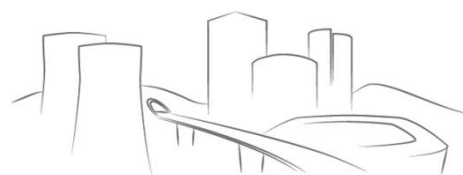


**MANAGEMENT REPORT ON OPERATIONS
of ULMA Construcccion Polska S.A.
and
of THE CAPITAL GROUP
ULMA Construcccion Polska S.A.**

FOR THE YEAR ENDED ON 31 DECEMBER 2018



From the beginning of your projects



Pursuant to Article 55 par. 2a of the Accounting Act and § 70 par. 4, § 71 par. 4 and 8 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and conditions for recognising as equivalent information required by laws of a non-member state, the Company prepared the Management Board's report on operations of ULMA Construcción S.A. and the Capital Group in the form of a single document. Other obligatory elements of the report on the Company's operations not included in this part of the report are identical with the report of the Management Board on operations of the Capital Group ULMA Construcción S.A.

Description of the Capital Group's organisation

As at 31 December 2018, the Capital Group ULMA Construcción Polska S.A. ("Group", "Capital Group") was composed of the following entities:

- ULMA Construcción Polska S.A. – **the parent company** of the Capital Group responsible for management and administration within the entire Group, and for commercial activities relating to products and services offered by the Capital Group on the domestic market and on selected foreign markets,
- ULMA Opalubka Ukraina sp. z o.o. – **a subsidiary** responsible for commercial activities relating to products and services offered by the Capital Group on the Ukrainian market,
- ULMA Opalubka Kazakhstan sp. z o.o. – **a subsidiary** responsible for commercial activities relating to products and services offered by the Capital Group on the Kazakh market.
- ULMA Construcción BALTIC sp. z o.o. – **a subsidiary** responsible for commercial activities relating to products and services offered by the Capital Group in the Baltic States (Lithuania and Latvia).

The Group is also a shareholder in ULMA Cofraje S.R.L. – **an affiliate** responsible for commercial activities relating to products and services offered by the Capital Group on the Romanian market.

Scope of activities of the Capital Group

Capital Group of ULMA Construcción Polska S.A. operates in construction industry. The scope of activities of the companies being part of the Capital Group includes rental and sale of formwork systems and scaffolding for residential, office and industrial construction and civil engineering, carrying out maintenance works and application projects for these systems, as well as repairs of formwork systems and other accessories used in the assembly of formwork systems.

Seats, dates of setting up and registration of activities of the entities being part of the Capital Group.

- The company ULMA Construcción Polska S.A. with its registered office in Koszajec 50, 05-840 Brwinów, has operated since 1 July 1995 based on the resolution of the Extraordinary General Meeting of Shareholders, transforming the limited-liability company into a joint-stock company (Notarial Deed of 15 September 1995, Rep. A No. 5500/95), registered in the National Court Register in the Register of Entrepreneurs under the number KRS 0000055818 by the District Court for the capital city of Warsaw in Warsaw, XIII Economic Division of the National Court Register. From 14 February 1989 until transformation into a joint-stock company, it operated under the name Bauma Sp. z o.o.,



- The Company ULMA Opalubka Ukraina with its registered office in Kiyv, at 9 Gnata Juri street, entered on 18 July 2001 to the State Register of the Republic of Ukraine under number 5878/01 (identification code 31563803),
- The Company ULMA Cofraje S.R.L with its registered office in Bragadiru, 2-8 Soseaua de Centura street, Corp C20 (Romania), entered after the change of address to the Commercial Register of Romania under no. 22679140
- The Company ULMA Opalubka Kazakhstan with its registered office in Astana, 25 Tashenov street, entered on 27 August 2010 to the Register of the Ministry of Justice by the Department of Justice of the city of Astana under number 37635-1901-TOO/NU/,
- The company "ULMA Construcccion BALTIC" with its registered office in Vilnius, 41-12 Pylimo street, registered on 27 April 2012 in the Register of Legal Entities of the Republic of Lithuania, under no. 302770757.



Key economic and financial figures disclosed in the annual financial statements, in particular, description of factors and events, including those of atypical nature, having a significant impact on the issuer's operations and on the profits or losses incurred in the financial year, as well as the issuer's development prospects at least in the following financial year

The basic figures of the Group's consolidated financial statements and the issuer's separate financial statements for the years 2017-2018 are presented below.

Consolidated profit and loss account and other total income

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018	2017	2018/2017 growth
Sales revenues	49 746	57 470	57 653	58 852	223 721	201 294	1.11
Cost of products, goods and materials sold	(32 506)	(36 729)	(34 899)	(37 508)	(141 642)	(148 956)	0.95
Gross profit on sales	17 240	20 741	22 754	21 344	82 079	52 338	1.57
Sales and marketing costs	(670)	(738)	(572)	(597)	(2 577)	(2 601)	0.99
Overheads	(4 069)	(4 175)	(4 329)	(4 584)	(17 157)	(15 236)	1.13
Other operating expenses, net	(1 250)	(2 302)	(1 617)	(1 359)	(6 528)	(3 521)	1.86
Operating profit	11 251	13 526	16 236	14 804	55 817	30 980	1.81
Financial revenues	463	740	320	275	1 798	1 126	1.60
Financial expenses	(66)	51	(491)	378	(128)	(1 253)	0.11
Share in profits (losses) of affiliates	33	108	170	366	677	101	6.71
Profit before tax	11 681	14 425	16 235	15 823	58 164	30 954	1.88
Income tax	(2 367)	(2 667)	(3 035)	(3 098)	(11 167)	(6 729)	1.66
Net profit	9 314	11 758	13 200	12 725	46 997	24 225	1.94
Other income	585	1 692	(1 718)	708	1 267	(2 485)	-
Total income	9 899	13 450	11 482	13 433	48 264	21 740	2.22
Operating profitability (%)	22.62	23.54	28.16	25.16	24.95	15.39	
Net profitability (%)	18.72	20.46	22.90	21.62	21.01	12.03	

All the amounts expressed in PLN '000, unless indicated otherwise



Consolidated financial statements

	31 December 2018	% structure	31 December 2017	% structure	Growth
Tangible fixed assets	229 623	62	210 073	62	1.09
Other fixed assets	8 847	2	6 859	2	1.29
Total fixed assets	238 470	64	216 932	64	1.10
Inventories	6 332	2	5 710	2	1.11
Receivables	73 036	20	87 752	26	0.83
Other current assets	50 387	14	25 802	8	1.95
Total current assets	129 755	36	119 264	36	1.09
Total assets	368 225	100	336 196	100	1.10
Share capital	10 511	3	10 511	3	1.00
Supplementary capital	114 990	31	114 990	34	1.00
Exchange rate gains/losses	(15 189)	(5)	(16 456)	(5)	0.92
Retained earnings	212 538	59	186 780	56	1.14
Total equity	322 850	88	295 825	88	1.09
Long-term liabilities	3 950	1	2 621	1	1.51
Short-term liabilities	41 425	11	37 750	11	1.10
Total liabilities	45 375	12	40 371	12	1.12
Total equity and liabilities	368 225	100	336 196	100	1.10
Return on equity (%)	17.04		8.92		-
Debt rate (%)	12.3		12.0		-
Trade receivables turnover ratio (days)	80		91		-
Trade liabilities turnover ratio (days)	51		52		-
(Current) liquidity ratio	3.1		3.2		-

Return on equity =	$\frac{\text{Net profit for financial year} \times 100\%}{\text{Equity} - \text{net profit for financial year}}$
Debt rate =	$\frac{\text{Liabilities} \times 100\%}{\text{Total equity and liabilities}}$
Trade receivables turnover ratio =	$\frac{\text{Average net trade receivables} \times 365 \text{ days}}{\text{Sales revenues}}$
Trade liabilities turnover ratio =	$\frac{\text{Average net trade liabilities} \times 365 \text{ days}}{\text{Operating expenses}}$
(Current) liquidity ratio =	$\frac{\text{Current assets}}{\text{Short-term liabilities}}$

All the amounts expressed in PLN '000, unless indicated otherwise



Individual profit and loss account and other total income

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018	2017	2018/2017 growth
Sales revenues	44 493	53 418	50 593	51 293	199 797	181 208	1.10
Cost of products, goods and materials sold	(30 323)	(33 449)	(31 320)	(34 772)	(129 864)	(141 291)	0.92
Gross profit on sales	14 170	19 969	19 273	16 521	69 933	39 917	1.76
Sales and marketing costs	(653)	(722)	(557)	(563)	(2 495)	(2 520)	0.99
Overheads	(3 475)	(3 512)	(3 152)	(4 308)	(14 447)	(12 972)	1.12
Other operating expenses, net	112	(1 579)	(619)	(819)	(2 905)	(2 409)	1.21
Operating profit	10 154	14 156	14 945	10 831	50 086	22 016	2.28
Financial revenues	488	1 625	3	634	2 750	4 833	0.57
Financial expenses	(17)	(27)	(19)	(21)	(84)	(3 756)	0.03
Profit before tax	10 625	15 754	14 929	11 444	52 752	23 093	2.29
Income tax	(2 046)	(3 002)	(2 852)	(2 443)	(10 343)	(4 742)	2.19
Net profit	8 579	12 752	12 077	9 001	42 409	18 351	2.31
Other income	-	-	-	-	-	-	
Total income	8 579	12 752	12 077	9 001	42 409	18 351	2.31
Operating profitability (%)	22.82	26.50	29.54	21.12	25.07	12.15	
Net profitability (%)	19.28	23.87	23.87	17.55	21.23	10.13	

All the amounts expressed in PLN '000, unless indicated otherwise



Financial statements

	31 December 2018	% structure	31 December 2017	% structure	Growth
Tangible fixed assets	217 068	61	199 268	60	1.09
Other fixed assets	26 100	7	26 815	8	0.97
Total fixed assets	243 168	68	226 083	68	1.08
Inventories	5 133	1	4 496	1	1.14
Receivables	63 433	18	81 243	24	0.78
Other current assets	45 611	13	22 305	7	2.04
Total current assets	114 177	32	108 044	32	1.06
Total assets	357 345	100	334 127	100	1.07
Share capital	10 511	3	10 511	3	1.00
Supplementary capital	114 990	32	114 990	34	1.00
Retained earnings	192 509	54	171 339	51	1.12
Total equity	318 010	89	296 840	89	1.07
Long-term liabilities	3 950	1	2 620	1	1.51
Short-term liabilities	35 385	10	34 667	10	1.02
Total liabilities	39 335	11	37 287	11	1.05
Total equity and liabilities	357 345	100	334 127	100	1.07
Return on equity (%)	15.4		6.6		
Debt rate (%)	11.0		11.2		
Trade receivables turnover ratio (days)	79		94		
Trade liabilities turnover ratio (days)	53		53		
(Current) liquidity ratio	3.2		3.1		

Return on equity =	$\frac{\text{Net profit for financial year} \times 100\%}{\text{Equity} - \text{net profit for financial year}}$
Debt rate =	$\frac{\text{Liabilities} \times 100\%}{\text{Total equity and liabilities}}$
Trade receivables turnover ratio =	$\frac{\text{Average net trade receivables} \times 365 \text{ days}}{\text{Sales revenues}}$
Trade liabilities turnover ratio =	$\frac{\text{Average net trade liabilities} \times 365 \text{ days}}{\text{Operating costs}}$
(Current) liquidity ratio =	$\frac{\text{Current assets}}{\text{Short-term liabilities}}$

All the amounts expressed in PLN '000, unless indicated otherwise



The market environment in 2018 and major events having a significant impact on the operations and financial results of the issuer's capital group in the financial year or with possible impact in the following years

Market environment in Poland

According to estimates by the Central Statistical Office in Poland, the GDP growth rate in 2018 amounted to 5.1%, which was the best result since 2007. However, only in Q4 2018 the GDP growth amounted to 4.7 %, which can mean a slowly coming economic slowdown that might be observed in the following periods.

In the analysed period of 2018, domestic demand was still the main driving force of economic growth in Poland. The dynamics of investment consumption and demand also had positive impact, whereas export and its impact on GDP growth was irrelevant.

The total consumption was higher than a year ago by 4.3%, including consumption in the household sector which increased by 4.5%. Domestic demand increased by 5.3% (in 2017, the increase amounted to 4.9%). Increased household consumption is undoubtedly a result of good situation in the labour market and a decrease in unemployment (the registered unemployment rate was 5.8% at the end of December 2018), the growing dynamics of remuneration and granted childcare benefit under the scheme Rodzina 500+.

According to preliminary data of the Central Statistical Office, sold industry output in entities employing over 9 employees increased in 2018 by 5.8% YoY. However, the ratio was slower than the data recorded in the corresponding period of 2017. In turn, the construction and assembly production in all construction sectors in enterprises employing over 9 employees increased by 20.39% YoY (in 2017, the increase amounted to 12.8%), and the sale of renovation works increased more than in the case of investment works.

Very good results were recorded in civil engineering (increase by 14.6% YoY) – mainly in the railway segment (increase by 39.2% YoY). In the most important area, from the Company's point of view – bridges, overpasses, flyovers – the increase was the smallest and amounted to 5.1% YoY. In non-residential construction, production increase by 23.9% YoY was noted, of which the best results were in the following segments: sports and recreation buildings (increase by 139.7% YoY), transport and communication buildings (increase by 100.9% YoY) and cultural and educational facilities (increase by 43.2% YoY). Hotels and tourist accommodation buildings were the weakest segment in non-residential construction in 2018 (decrease by 1.3% YoY). Some slowdown can also be observed in the segment comprising commercial and service buildings because production in this segment decreased by 1.1% YoY in December 2018. Undoubtedly, the introduction of ban on Sunday trading in 2018 was one of the main factors affecting this result. In residential construction, we still note an increase which in 2018 amounted to 14.4% YoY. In industrial construction, an 8.4% YoY increase in production was also observable.

In the all-year perspective, 2018 was a period of growth in virtually every construction segment. However, data for Q4 2018 slowly indicate expected economic slowdown. In December 2018, lower GDP growth was noted in the whole period of 2018, which amounted to 4.7% YoY. The starting economic slowdown is also showed by December data on industrial production (increase only by 2.8% against 4.7% in November 2018), weaker data concerning construction output and worse economic indicators.



Analysis of ULMA market data (PLN '000 000) – CSO/Spectis

Sector	2018	2017	% YoY
Residential sector	16 822	14 706	14.4%
Non-residential sector	22 282	17 978	23.9%
Engineering sector (bridges, overpasses, flyovers, tunnels)	2 815	2 679	5.1
Industrial sector	19 187	17 699	8.4%
Sectors supported by ULMA CONSTRUCCION POLSKA S.A. in total	61 106	53 062	15.2%

Market environment abroad

Ukraine

Basic indicators characterising the construction market in Ukraine in 2018 are presented in the table below

	2018	2017
GDP growth (YoY)	3.3	2.0%
Construction and assembly production growth (YoY)	29.	20.9%*

*comparison of values in hryvnia

- The gross domestic product increased in 2018 by 3.3% compared to 2% in 2017.
- Inflation decreased to 10.5% in 2018.
- The construction sector maintained the growth rate which in the whole 2018 amounted to 29%, including:
 - in engineering sector (35%)
 - in non-residential sector (24%).
 - the lowest positive dynamics was observed in residential sector (21%).

The Management Board of the Capital Group is positive about the further development of the construction market in Ukraine. Some large projects in non-residential construction (shopping centres) and in residential construction are being implemented. Due to the specific nature of orders, the Company is not present now in the engineering sector. Thus, its dynamics has no impact on change of the Company's revenues.

Kazakhstan

Basic indicators characterising the construction market in Kazakhstan in 2018 are presented in the table below

	2018	2017
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GDP growth (YoY)	4.1%	2.5%
Construction and assembly production growth (YoY)	9.6%	7.7%

- The gross domestic product increased in 2018 by 4.1% compared to 2.5% in 2017.
- Inflation in 2018 amounted to 5.3%.
- After the period of stagnation, foreign investors started financing some new projects and investments.
 - American company Chevron Oil continues the investment worth USD 36.6 billion concerning the development of the oil field Tengiz in western Kazakhstan.
 - USD \$12 billion were allocated for the development of oil field Karahaganak,
 - in spring 2019, BAKAD, a by-pass of Almaty starts. The investment is worth USD 0.5 billion and involves the planned construction of 20 bridge structures, which matches the Company's specialisation.

Lithuania

Basic indicators characterising the construction market in Lithuania in 2018 are presented in the table below

	2018	2017
GDP growth (YoY)	3.5%	4.1%
Construction and assembly production growth (YoY)	17.0%	12.5%

- The gross domestic product increased in 2018 by 3.5% compared to 4.1% in 2017.
- Inflation in 2017 amounted to 3.7%.
- Inflation in 2018 amounted to 2.5%.
- Construction and assembly production growth in 2018 17.0%, including:
 - there has been an increase by 20.4% in the engineering sector,
 - in non-residential sector, the increase amounted to 13.4%,
 - residential sector - increase by 16.5%.

The Lithuanian market remains stable and the position of the Subsidiary operating on this market seems quite well-established.

Sales revenues

In 2018, the Capital Group achieved PLN 223,721 thousand of total revenues from sales to PLN 201,294 thousand in the preceding year (increase by 11%).

A vast majority of increase in sales revenues was in the business segment of the Capital Group - Construction Sites Service. In 2018, total revenues of this segment of operations amounted to PLN 194,253 thousand against PLN 174,386 thousand in the corresponding period of the preceding year (increase by PLN 19,867 thousand, that is 11.4%).

ULMA Construcción Polska S.A. achieved in 2018 total sales revenues of PLN 199,797 thousand compared to PLN 181,208 thousand in the preceding year (increase by PLN 18 589 thousand, that is 10.3%)

Operating profitability



In 2018, the Capital Group's operating profit was PLN 55,817 thousand compared to PLN 30,980 thousand achieved in the corresponding period of the preceding year (increase by PLN 24,837 thousand).

The basic consolidated figures related to EBIT (operating profit) and EBITDA (operating profit + depreciation) in the analysed periods in **the Capital Group ULMA Construcción Polska S.A.** were as follows:

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018	2017
Sales	49 746	57 470	57 653	58 852	223 721	201 294
EBIT	11 251	13 526	16 236	14 804	55 817	30 980
% of sales	22.62	23.54	28.16	25.16	24.95	15.39
Depreciation	7 967	8 557	9 362	9 428	35 314	44 396
EBITDA	19 218	22 083	25 598	24 232	91 131	75 376
% of sales	38.64	38.42	44.40	41.18	40.74	37.45

In 2018, total write-offs amounted to PLN 35,314 thousand compared to PLN 44,396 thousand in the corresponding period of preceding year. The largest item in the total amount of write-offs are write-offs related to the possessed formwork and scaffolding park. Their height primarily depends on the estimated period of economic usefulness of the possessed equipment.

In Q4 2017 (since 1 October 2017), the parent company verified – based on the current estimates – the adopted periods of economic usefulness of fixed assets included in the group of formwork systems and thus reduced depreciation rates. In 2018, the changes caused a decrease in depreciation costs for this group of fixed assets by PLN 11,802 thousand compared to the no-change scenario.

In 2018, as a result of growing revenues from the core business of the Capital Group - construction site service on the domestic market and good market conditions in Ukraine and Lithuania, the Capital Group noted an improvement in EBITDA in absolute terms by PLN 15,755 thousand (that is by almost 21%). The profitability at EBITDA level (calculated as the ratio of EBITDA to sales) amounted in this period to over 40% compared to approx. 37% in the corresponding period of the preceding year.

In 2018, the Capital Group created net write-offs of receivables (sum of created and released writ-offs) and write-downs of lost trade receivables of total value of PLN 7,413 thousand compared to PLN 3,867 thousand in the corresponding period of the preceding year (recognised as "Other operating costs"). This phenomenon results from the estimation of risk related to the recovery of debt in connection with court proceedings that the Capital Group conducts against its debtors.

In addition to provisions on receivables, other net operating expenses include, among others, received damages for loss of tangible fixed assets and current assets, and general effects of managing the existing assets (positive and negative inventory differences and provisions for impairment of fixed assets and inventories). In 2018, the effect of these phenomena was positive and amounted to PLN 447 thousand (in 2017, PLN 249 thousand).

The item "Overheads" includes actual costs of management and all cost items related to general administrative support of the Capital Group (accounting, IT, legal services, etc.). These expenses amounted to PLN 17,157 thousand in 2018 compared to PLN 15,236 thousand in the corresponding period of the preceding year (i.e. an increase by 12.6%), with the results achieved in 2018 charged with a provision for the annual bonus to be paid in 2019.

The basic individual amounts related to EBIT (operating profit) and EBITDA (operating profit + depreciation) in the analysed periods in the company **ULMA Construcción Polska S.A.** were as follows:



	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018	2017
Sales	44 493	53 418	50 593	51 293	199 797	181 208
EBIT	10 154	14 156	14 945	10 831	50 086	22 016
% of sales	22.82	26.50	29.54	21.12	25.07	12.15
Depreciation	6 927	7 546	8 115	8 365	30 953	40 822
EBITDA	17 081	21 702	23 060	19 196	81 039	62 838
% of sales	38.39	40.63	45.58	37.43	40.56	34.68

Foreign exchange risk hedging transactions

The Capital Group's companies purchase the products (formwork and scaffolding systems and accessories) being the subject matter of commercial and service activity from the parent company in Spain, other companies of the ULMA Group and from other third companies.

As part of commercial activities, the Capital Group operates on export markets, primarily in Ukraine, Lithuania and Kazakhstan where its business activity is carried out by its subsidiaries: Ulma Opalubka Ukraina sp. z o.o., Ulma Construcción BALTIC sp. z o.o. and Ulma Opalubka Kazakhstan Sp. z o.o. In effect, the Capital Group's companies are exposed to foreign exchange risk which the Capital Group attempts to mitigate by:

- activity on the currency and forward market by using non-delivery forwards (NDFs), or
- adjusting the offered prices of services and materials which, however, is not fully effective.

All the Capital Group's futures (NDFs) are concluded only for the purpose of hedging against the foreign exchange risk and do not reveal any features of asymmetry.

The Capital Group does not apply the so-called "hedge accounting", thus results and valuations of hedging transactions (positive and negative) are recognised in its periodic result.

Financial expenses and other total income

The Capital Group uses bank loans and own financial resources to fund investments related to the purchase of products for lease (that is formwork systems and scaffoldings).

In 2018, ULMA Construcción Polska S.A. did not use bank credits, and ULMA Opalubka Ukraina was the only company of the Capital Group which used bank funding in 2018. Liabilities under the credit taken as at 31 December 2018 amounted to PLN 1 693 thousand (UAH 12 472 thousand).

The parent entity Ulma Construcción Polska S.A. grants long-term loans to subsidiaries to finance their operations on export markets.

As at 31 December 2018, the value of long-term loans granted amounted to EUR 2,250 thousand and USD 1 300 thousand. In accordance with the principles of International Accounting Standards (IAS 21) these loans are treated as "net investment in a foreign entity" and, therefore, any exchange rate differences related to them are recognised under "statement of changes in consolidated equity" and "in other total revenues".

In 2018, the total value of exchange rate differences included in the above-mentioned statements was positive and amounted to PLN -1 267 thousand, including:

- PLN 426 thousand are positive exchange rate differences related to the above-mentioned "net investment" (loans granted) in a foreign entity. Exchange rate differences on settlement measurement as at the balance sheet date are recognised under "equity" and then, in later periods, realised exchange rate differences are recognised in the consolidated profit and loss account following repayment of the loan taken by the subsidiary,



- PLN 841 thousand are positive foreign exchange differences resulting from changes in exchange rates of local currencies to PLN, affecting the conversion of financial statements of subsidiaries operating abroad.

In 2017, these amounts were as follows:

- - PLN 189 thousand due to exchange rate differences related to "net investment in a foreign entity" and,
- - PLN 2,296 thousand are negative exchange rate differences resulting from changes in exchange rates of local currencies to PLN, affecting the conversion of financial statements of subsidiaries operating abroad.

The table below presents exchange rates too PLN as at December 31 for 3 currency pairs, the change of which influenced the measurement of financial statements of subsidiaries in the consolidated financial statements of the Capital Group.

	31 December 2016	31 December 2017	Change in % YoY	31 December 2018	Change in % YoY
UAH/PLN	6.49	8.09	24.8	7.37	-8.9%
KZT/PLN	126.59	106.33	-16.0%	101.24	-4.8%
PLN/EUR	4.42	4.17	-5.7%	4.3	3.1%

In 2018, strengthening Ukraine's local currency (UAH) by approx. 8.9%, Kazakhstan's currency (KZT) by approx. 4.8%, as well as EUR by approx. 3.1% to PLN contributed to the achievement of positive exchange rate differences resulting from the conversion of financial statements of subsidiaries operating abroad.

The Capital Group seeks to secure the exchange rate risk relating to the above-mentioned internal loans with regard to EUR – UAH and USD – UAH exposure in Ukraine in a natural way, that is through the process of adjusting the price lists of services and materials offered on this market to the current exchange rate of UAH to USD. However, it is difficult to estimate the effectiveness of these activities due to the size and unpredictable variability of UAH, in particular in the light of complicated geopolitical situation in Ukraine and the ongoing armed conflict in its eastern part.

In addition to the above-mentioned long-term loans used to finance the operations of subsidiaries, ULMA Construcción Polska S.A. granted a short-term loan of PLN 32,000 thousand to the parent company, ULMA CyE, S. Coop. The loan for the parent entity was granted on arm's length terms – the interest rate on the loan depends on the level of WIBOR 3M. The tranche in the amount of PLN 11 000 thousand was repaid on 21 May 2018. The terms of repayment of the remaining part of the loan are set as follows in accordance with the annex of 15 January 2019: PLN 11 000 thousand on 30 April 2019 and PLN 10 000 thousand on 30 April 2020.

In 2018, ULMA Construcción Polska S.A. achieved PLN 1 596 thousand of revenues from interest on the above-mentioned loans (in 2017, the above-mentioned interest amounted to PLN 1,542 thousand).

Net profit (loss)

After taking into account income tax, the Capital Group achieved a positive net financial result in 2018 in the amount of PLN 46,997 thousand compared to the positive net result in the previous year amounting to PLN 24,225 thousand.



The positive net financial result achieved in 2018 by ULMA Construcción Polska S.A. amounted to PLN 42 409 thousand compared to PLN 18,351 thousand of net profit achieved in the preceding year.

Cash flows

The condensed cash flow statement of the Group in the analysed periods is presented in the table below:

	12 months of 2018	12 months of 2017	Growth
Net profit	46 997	24 225	1.94
Depreciation	35 314	44 396	0.80
Total financial surplus	82 311	68 621	1.20
Other elements of net operating flows	(48 293)	(50 193)	0.96
Net operating cash	34 018	18 428	1.85
Net investing cash	10 153	(1 003)	-
Net financing cash	(18 869)	(28 090)	0.67
Net cash	25 302	(10 665)	-
Exchange rate (losses) /profits on valuation of cash and overdraft facility	(717)	(481)	1.49
Change in the balance of cash and overdraft facilities	24 585	(11 146)	-

The condensed cash flow statement of ULMA Construcción Polska S.A. in the analysed periods is presented in the table below:

	12 months of 2018	12 months of 2017	Growth
Net profit	42 409	18 351	2.31
Depreciation	30 953	40 822	0.76
Total financial surplus	73 362	59 173	1.24
Other elements of net operating flows	(42 288)	(45 278)	0.93
Net operating cash	31 074	13 895	2.24
Net investing cash	12 069	4 335	2.78
Net financing cash	(20 107)	(28 500)	0.71
Net cash	23 036	(10 270)	-
Exchange rate (losses) /profits on valuation of cash and overdraft facility	270	1 142	-
Change in the balance of cash and overdraft facilities	23 306	(10 412)	-

Operating flows

In 2018, the Capital Group reported a significant increase in net cash from operating activities, which amounted to PLN 34,018 thousand compared to PLN 18,428 thousand in the preceding year. The increase in the financial surplus (net profit + depreciation) in the amount of PLN 13,690 thousand had the greatest impact on this result.

In 2018, ULMA Construcción Polska S.A. recorded a significant increase in net cash from operating activities, which amounted to PLN 31,074 thousand compared to PLN 13,895 thousand in 2017. The increase in the financial surplus (net profit + depreciation) in the amount of PLN 14 189 thousand had the greatest impact on this result.



In 2018, the Capital Group managed to slightly improve its receivables turnover ratio compared to the level achieved in 2017 (which is presented in the table below).

		31 December 2018	31 December 2017
1.	Net trade receivables (after taking into account write-downs) as at the balance sheet date	50 885	53 246
2.	Grossed up sales revenues for the 12 months preceding the balance sheet date	275 177	247 592
3.	Number of days	365	365
4.	Turnover ratio (1*3/2)	67	78

The Capital Group seeks to limit the risk of inflow of receivables through effective implementation of internal procedures and principles of identification, measurement and monitoring of its customers' financial position and liquidity when starting co-operation and during its implementation.

Investing flows

The cash flow statement shows primarily:

- amounts spent on other investment purchases, excluding purchases related to supplementing the portfolio of products offered (formwork system and scaffoldings) which are recognised in cash flows from operating activities,
- amounts spent on taking up shares in the increased share capital of associate,
- amounts received (spent) due to the repayment (granting) of loans to entities of the Group,

The basic item of inflows from investment activities in 2018 was the repayment of the loan granted to the parent entity in the amount of PLN 11 000 thousand.

Financing flows

In 2018, dividend payment made by ULMA Construcción Polska S.A. in the amount of PLN 20 024 thousand (in 2017, PLN 28 380 thousand) was the main item of cash flows from financing activities.

As a result of the above-mentioned, the Capital Group's cash increased by PLN 25,302 thousand and reached PLN 50,387 thousand as at 31 December 2018.

In 2018, ULMA Construcción Polska S.A. recorded an increase by PLN 23,036 thousand in the balance of cash and overdraft facilities, to the level of PLN 45,611 thousand as at 31 December 2018.

Structure of major capital deposits or major capital investments made within the issuer's capital group in the financial year

In the financial year 2018, the Group did not make capital deposits or investments.

Significant off-balance sheet items in terms of subject, object and value



At the request of ULMA Construcción Polska S.A., mBANK granted a bank guarantee to perform the lease contract to one of the Company's customers. The bank guarantee expires on 30 September 2019 and its amount will change during the term. The guarantee is related to the lease of the Logistics Centre in Gdańsk. The Company uses the Logistics Centre in Gdańsk based on a long-term lease contract.

As at the balance sheet date, the amount of the bank guarantee granted is PLN 3,303 thousand.

Significant risk factors and threats, with specification of the extent to which the issuer is exposed to them

I Risk of competition and situation on the construction market in Poland

The year 2018 was marked by good situation on the construction market in our country. The planned infrastructural investments started, residential construction flourished, and the situation was perfect on the office and warehouse market. In connection with local government elections in October, we also observed launch of a large number of local government investment projects. This results in continuous increases in virtually every construction segment. However, it should be noted that the big accumulation of construction works which we experienced throughout the whole year 2018 has its drawbacks too. We observed a significant increase in prices of construction materials, contractor services throughout the year, which in turn negatively affected the profitability and liquidity of construction companies. Moreover, their situation was negatively affected by the current situation on the labour market, that is the lack of qualified employees and increasing wage pressure. Despite numerous assurances of the Polish government about understanding the difficult situation on the construction market, including the appointment of a special work team, no tools have appeared so far that could remedy the situation on the market.

In December 2018, the number of case of bankruptcy in construction was significantly higher than a year earlier. In the whole preceding year, 172 entities went bankrupt, compared to 151 in the corresponding period of the previous year (increase by 14% YoY). The most difficult situation was of entities specialised in road works for which the lack of real indexation of contracts signed in preceding periods made it impossible to achieve at least partial profitability improvement. Worse results concern both small construction companies and the largest ones, such as Budimex, Erbud or Trakcja. In 2018, we could hear about the problems of Astaldi. The company abandoned two construction sites and did not pay the amounts due to its subcontractors.

Throughout 2018, employment in construction companies hiring more than 9 employees increased by 5.3%, although the growth of this indicator at the end of the year showed some slowdown – 4.1% in December 2018 YoY compared to 4.3% in November 2018. The highest increase was recorded in the group of specialised companies (6.1%), and slightly lower in the case of companies constructing buildings (4.4%) and implementing engineering projects (5.4%). The Polish Association of Construction Employers (PZPB) estimates now that at least 100,000 employees are lacking on construction sites, and the number of vacancies in the construction sector is much higher than in other sectors of the economy.

The rate of remuneration change in construction industry also should be highlighted. In December 2018, the average remuneration in construction increased by 6.3% YoY, which was mainly influenced by the increase in remuneration in engineering companies by as much as 12.2%. In the whole 2018, the growth of remuneration in construction amounted to 8.1% compared to the growth by 7.1% in the whole economy. It



is estimated that construction companies will maintain an increased demand for employees in the near future, which they will not be able to satisfy using national resources. Consequently, it will be necessary to hire foreign workers but we know already that in the long run companies will not be able to fill the gaps in human resources with citizens of eastern countries (mainly Ukraine). The new regulations introduced in January 2018 did not solve the problem because they are related to excessive bureaucracy and excess of transparent procedures. As a result, the construction industry is still expecting significant wage pressure and difficulties in filling the positions important to maintain liquidity.

Problems with the availability of materials and raw materials and their timely delivery are another negative factor related to the accumulation of work and tasks associated with the expansion and modernisation of transport infrastructure. The problem mainly concerns railway transportation of aggregates from the south of Poland. It is estimated that contractors receive less than a half of ordered aggregates due to the lack of adequate rolling stock resources and capacity limits of the railway lines. Road transportation is much more expensive in this case, which lots of companies cannot afford considering the current mentality.

Also new VAT settlement mechanisms which were intended to seal the tax system contributed to the deterioration of liquidity of construction companies. Because of the reverse VAT mechanism, tax refund can take even 120 days. As a result, the industry less willing to offer comprehensive solutions, which additionally increases the prices of services and materials ordered.

Due to the above-mentioned phenomena, there is a significant risk for maintaining the economic situation in construction in Poland in the following economic periods.

Exchange rate risk

The Capital Group's companies purchase products (formwork systems and accessories) from the parent company in Spain or other entities located outside Poland. On the other hand, the Capital Group's companies operate on export markets. The Capital Group is thus exposed to the foreign exchange risk which it seeks to mitigate by its activity on the currency market or on the forward market and by concluding non-delivery forwards (NDFs).

Ulma Opalubka Ukraina sp. z o.o. (subsidiary) still has USD-denominated intra-group loans. Since it is not possible to effectively secure the exchange rate risk related to this transaction, the Company remains exposed to USD/UAH currency exposure (derivative instruments with the Ukrainian hryvnia as the base currency are still not be available on the capital market in Ukraine). As mentioned before, the Management Board attempts to minimise this risk by updating prices of the offered products and services following changes in exchange rates for hryvnia. However, in a situation of downturn these actions do not allow for full offsetting of the effects of local currency's devaluation.

The risk related to financial instruments is described in note no. 2 in the consolidated financial statements of the Capital Group ULMA Construcción Polska S.A. for the year ended on 31 December 2018.

Identification of proceedings pending before court, a competent body for arbitration proceedings or a public administration body, concerning the liabilities and receivables of the issuer or its subsidiary, indicating the subject-matter of the



proceedings, the amount in dispute, the date of initiation of the proceedings, parties to the proceedings initiated and the position of the issuer

Neither ULMA Construcción Polska S.A. nor any of its subsidiaries is a party to proceedings regarding liabilities or claims of the Company the value of which would amount to at least 10% of the Company's equity.

Moreover, there are no two or more proceedings regarding liabilities or claims of one contractor with the total value amounting to at least 10 % of the Company's equity.

Proceedings concerning claims of ULMA Construcción Polska S.A. as at 31 December 2018:

ULMA Construcción Polska S.A. conducts 52 court proceedings concerning claims (as at 31 December 2018), the total value of which is PLN 22 486 thousand. These are court proceedings which have not yet been completed by issuing a final and non-appealable writ of execution by the court, and claims against debtors, against whom the court issued a bankruptcy order (arrangement, liquidation) or a reorganisation order.

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Individual groups of court proceedings are listed in the table below:

Item	Number of cases	Balance as at 31 December	Date of initiation of proceedings	Current status of the case
Court proceedings	6	1 208		
<i>including the largest cases:</i>				
H.P.U. "ROTOS" Ryszard Dominik		8 855	June 2018	The company is awaiting the issued payment order to become final and non-appealable. Both the Debtor and the guarantor (natural person) are liable to the Company.
NEXTBUD Sp. z o.o. Spółka komandytowa		216	April 2018	The company is awaiting the issued payment order to become final and non-appealable. Both the Debtor and the guarantor (natural person) are liable to the Company. The Company has established contractual mortgage on the Debtor's real estate as security of claims.
SANIT Sp. z o.o.		38	October 2018	The company is awaiting the issued payment order to become final and non-appealable. Both the Debtor and another company related to the Debtor are liable to the Company.
ROSA-BUD S.A.		35	November 2018	The company is awaiting the issued payment order to become final and non-appealable.
K & K Sp. z o.o.		34	October 2018	The company is awaiting the issued payment order to become final and non-appealable.
Total listed		1 178		98% of the total
Item	Number of	Balance as at		Current status of the case
Bankruptcy proceedings	46	21 278		
<i>including the 5 largest cases:</i>				
HYDROBUDOWA POLSKA SA		6 602	September 2012	The claim notified to a liquidator.

All the amounts expressed in PLN '000, unless indicated otherwise



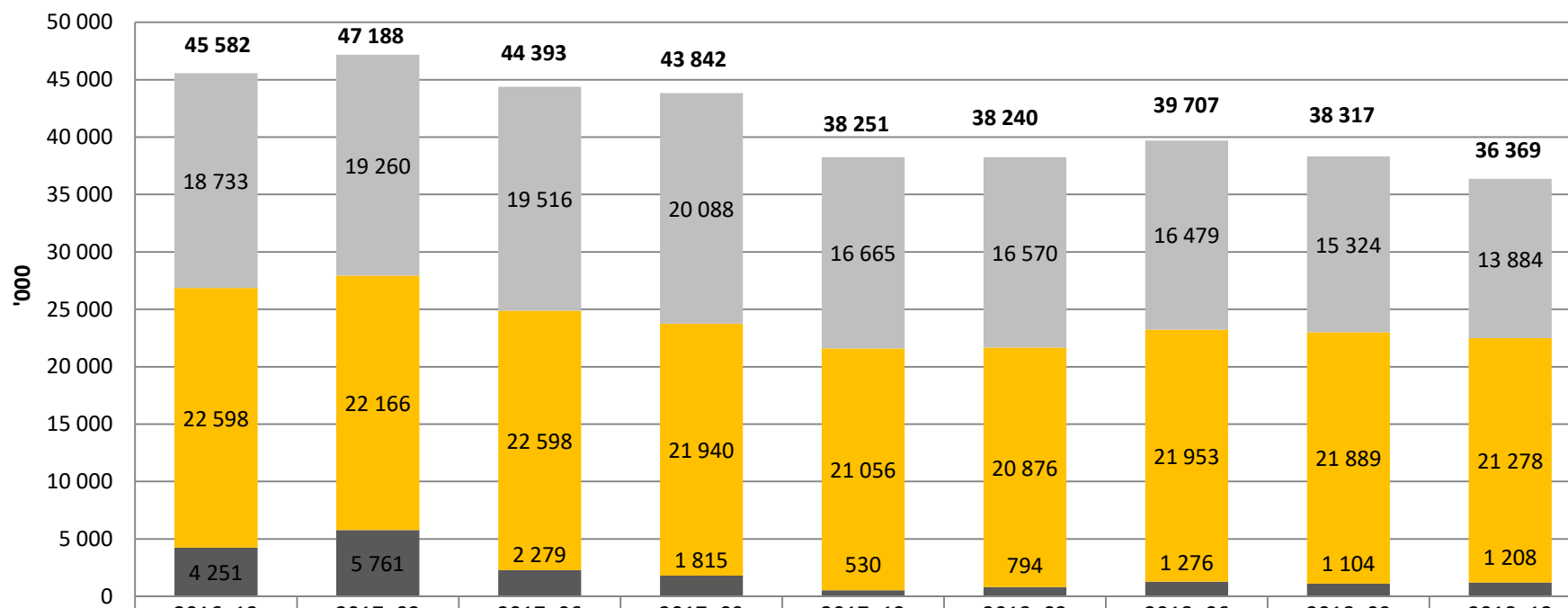
RADKO Sp. z o.o.		4 104	August 2012	<p>On 20 January 2016, the court changed the initially declared arrangement bankruptcy into liquidation bankruptcy. Regardless of the claim notified in the bankruptcy proceedings, the Company conducts several different proceedings in parallel, including:</p> <ul style="list-style-type: none"> • enforcement proceedings against sureties (former members of the debtor's Management Board). Land property enforcement proceedings are pending against one surety. At present, the Company is awaiting the date of an auction for the sale of one of the properties, • The Company is also a party to the criminal proceedings against the Debtor's former Management Board members in connection with Article 300 of the Criminal Code (deliberate divestment of the company's assets). In September last year, the District Court in Oświęcim acquitted the accused persons. On 19 November 2018, the prosecutor appealed the judgement. • The Company also requested the District Court in Kraków to prohibit one of the former members of the debtor's Management Board from running business activity and being members of bodies of commercial law companies. On 17 July last year, The court issued an order in accordance with the Company's
AEDES S.A.		1 155	February 2016	<p>On 13 February 2019, the Court and Economic Monitor (MSiG) (no. 31/2019 (5670) item 8147) published the decision of the District Court for Kraków - Śródmieście of 13 November 2018, in which the Court dismissed the application for declaration of bankruptcy of Debtor due to the lack of assets for liquidation proceedings. In February 2019, based on the above-mentioned message, the Company wrote down debt under expenses and reversed the write-off of receivables created in preceding periods.</p>
Gotowski – Budownictwo Komunikacyjne i Przemysłowe sp. z o. o		1 070	June 2018	<p>On 22 June 2018, the District Court in Bydgoszcz issued a decision on opening the recovery proceedings concerning the Debtor. As at the date of the report, the list of claims in the proceedings is not available yet. Regardless of the pending proceedings, the Company called Investors from constructions implemented with the Debtor for direct payments (the Company's contracts were notified under the Public Procurement Law). The Investors refused to pay to the Company. The Company is analysing further legal action in these matters.</p>
HENPOL Sp. z o.o.		1 010	January 2014	The claim notified to a liquidator.
Total listed		13 941		66% of all the claims
Pending proceedings in total	52	22 486		

In addition to the court cases described above, the Company conducts a number of debt enforcement proceedings. These are primarily pre-litigation proceedings and at the stage of enforcement by a court enforcement officer. At present, the Company conducts 144 such proceedings the value of which is PLN 13,884 thousand.



The chart below shows that the total balance of claims under enforcement in 2018 decreased by PLN 1.9 million. However, if we include the value of receivables written off as expenses due to unsuccessful enforcement and bankruptcy proceedings in that period, the total amount of which is PLN 2.9 million, the balance of claims under enforcement increased by PLN 1.0 million in 2018.

Changes in balances of claims under enforcement in 2017 - 2018





Proceedings concerning claims of subsidiaries as at 31 December 2018:

As at the balance sheet date, there were 15 court cases in total in the Company's subsidiaries the value of which was

PLN 3,005 thousand, including:

- a) 8 cases, the value of which is PLN 502 thousand, are at the court stage,
- b) 7 cases, the value of which is PLN 2,503 thousand, concern reorganisation and bankruptcy proceedings.

Insolvency proceedings of one of the debtors in the Company Ulma Baltic are the largest of the court cases in Subsidiaries (the equivalent of debt as at the date of the report is PLN 2 017 thousand).

Similarly to the Company, apart from court receivables in the Subsidiaries' balance sheets described above, there are also balances of 15 receivables under enforcement the total value of which is PLN 2 096 thousand. The above-mentioned amounts are presented after conversion into PLN at the exchange rates as at the balance sheet date.

The Group writes off all doubtful receivables and receivables under court proceedings. They are recognised as "Other operating expenses" and their amount corresponds to estimates of the possibility of recovering receivables as part of court and debt enforcement proceedings.

The Group does not conduct any significant proceedings regarding liabilities of the issuer or its subsidiaries.

Information about the basic products, goods or services, including their value and quantity, and the share of individual products, goods and services (if relevant) or their groups in the issuer's total sales, as well as changes in this regard in the given financial year

Rental and sales of formwork systems and scaffoldings is the basic source of the Group's revenues. This activity is supplemented by sales of plywood, anti-adhesive fluids for formworks and other reinforced concrete accessories.

The volume of orders is controlled and adjusted to the growth of the construction market and to the possibility of co-operation with numerous businesses from the construction industry. The Capital Group also adjusts the currently owned products (formwork systems and scaffoldings) to the changing needs of the construction market.

In 2018, the Group conducted commercial and service operations in the following scope:

- sales and lease of formwork systems and scaffoldings,
- preliminary fixing of formwork elements for engineering constructions,
- sales of commercial goods,
- reinforced concrete accessories,
- formwork plywood.

Data concerning segmentation of the Group's sales are presented in the Group's consolidated financial statements in the note on segments of operations.

All the amounts expressed in PLN '000, unless indicated otherwise



Information about the most important achievements in research and development

In the financial year 2018, neither the Company nor the Capital Group did not conduct any research and development works important from the point of view of its operational activity.

Information about sales markets, including the breakdown into domestic and foreign markets, and information about the sources of supply of materials for production, goods and services, with indication of dependence on one or more recipients and suppliers, and when the share of one recipient or supplier reaches at least 10% of total sales revenues – name (company name) of the supplier or recipient, its share in sales or supplies, and its formal relationship with the issuer

The Group's sales is concentrated on the domestic market. The total sales on this market amounts to 75% of the Group's revenues. Over 50% of these revenues are concentrated in the group of the biggest 15 construction companies operating in Poland and being parts of international construction companies from Western Europe.

According to the adopted criteria for classifying contracts concluded with the Group's customers as significant, it should be noted that no contract implemented in 2018 met these criteria, with the exception of the loan contract with the parent company ULMA CyE, S. Coop., described below.

However, BUDIMEX S.A. and ERBUD S.A. should be listed as customers with whom the total value of net sales revenues in 2018 was 8.7% and 6.9%, respectively, of the Company's total sales revenues (7.8% and 6.2% of the Capital Group's total sales revenues).

Export sales are carried out mainly through the own sales network on the markets of Eastern Europe and Asia. In 2018, the share of exports in the Group's total sales revenues amounted to nearly 24.3% compared to over 20% of share achieved in 2017. Apart from Kazakhstan, goods were exported also to Ukraine and Lithuania, as well as Romania, the Czech Republic, Germany and Spain.

A significant volume of supply of formworks offered on various markets comes from the main shareholder from Spain – in 2018 purchases from Spain (mainly purchases of formworks, rental of formwork and IT services) amounted to 17.9%, calculated against the total sales of the Group. The remaining goods purchases concerning formwork systems come from independent suppliers from Germany, Austria, the Czech Republic, Latvia and Poland.

Information about concluded contracts important for the issuer's operations, including contracts known to the issuer concluded between shareholders, insurance, co-operation or collaboration contracts.

In the period covered by the report, the entities belonging to the Capital Group did not conclude any contracts with shareholders other than those described in this report. The remaining transactions and contracts were of standard and routine nature, were concluded at an arm's length basis, and their nature



and terms and conditions resulted from ongoing operations of the companies belonging to the Capital Group.

Description of transactions with related entities if the one-off or the whole value of transactions made by the given affiliate in the period from the beginning of the year exceeds the equivalent of EUR 500 thousand expressed in Polish zloty.

Transactions concluded in 2018 by ULMA Construcción Polska S.A. and its subsidiaries with affiliates were of standard and routine nature, were concluded at an arm's length basis, and their nature and terms and conditions resulted from ongoing operations.

The most important transactions were the ones with the parent entity ULMA C y E, S. Coop. (Spain), including in particular:

- purchase of formworks and scaffoldings and services of formwork and scaffolding rental with a total value of PLN 38,346 thousand,
- other purchases in the total amount of PLN 1 693 thousand.

ULMA Construcción Polska S.A. granted a short-term loan of PLN 32 000 thousand to the parent company ULMA CyE, S. Coop. The loan for the parent entity was granted on arm's length terms – the interest rate on the loan depends on the level of WIBOR 3M. The tranche amounting to PLN 11 000 thousand was repaid on 21 May 2018. The dates of payment of the remaining part of the loan in accordance with the annex of 15 January 2019 (current report no. 1/2019 of 15 January 2019) are set as follows:

- PLN 11 000 thousand payable to 30 April 2019, and
- PLN 10 000 thousand payable to 30 April 2020.

Information about credits and loans taken and terminated in the given financial year, with indication of at least their amount, type and interest rate, currency and maturity.

In the financial year 2018, ULMA Construcción Polska S.A. did not make any changes to credit agreements with banks.

On 3 February 2014, ULMA Opalubka Ukraine Sp. z o.o. concluded a short-term credit agreement with UkrSibbank in hryvnia in the amount equivalent to EUR 1,000 thousand (increase in the limit under the annex to the credit agreement). The maturity date of this agreement is 31 December 2020. As at the balance sheet date, 31 December 2018, the debt due under to this agreement amounts to PLN 1,693 thousand calculated on the exchange rate as at the balance sheet date.

On 19 October 2016, ULMA Construcción Polska S.A. concluded with mBank S.A. an agreement "on electronic payment of obligations" to some of its suppliers financed with a credit line of PLN 5 500 thousand, valid to 29 June 2019. The purpose of the credit line is to optimise the financing of working capital.

Information about organisational or capital relationship of the issuer with other entities and specification of its main domestic and foreign investments (securities, financial instruments, intangible assets and real estate), including capital



investments made outside its group of related entities, and a description of their methods of financing.

The above-mentioned information has been presented in the financial statements of the Capital Group and of the issuer, in particular in the notes:

- separate statements – Note 4, 7 and 27
- consolidated financial statements of the Capital Group – Note 5, 8 and 29

Information about loans granted in the given financial year, with particular emphasis on loans granted to related entities of the issuer, with specification of at least their amount, type and interest rate, currency and maturity.

ULMA Construcción Polska S.A. granted to the subsidiary ULMA Opalubka Ukraina sp. z o.o. an investment loan in the amount of USD 1 500 thousand with a fixed interest rate at the market level to 8 January 2020. As at 31 December 2018, the loan balance amounts to USD 1,300 thousand. The Management Board intends to postpone the loan repayment date.

ULMA Construcción Polska S.A. granted a long-term loan of EUR 2 500 thousand to the subsidiary ULMA Construcción BALTIC. The loan was granted on market terms to 3 January 2020 (annex of 29 June 2017). Loan receivable as at 31 December 2018 amounts to EUR 2 250 thousand.

ULMA Construcción Polska S.A. granted a short-term loan of PLN 32 000 thousand to the parent company ULMA CyE, S. Coop. The loan for the parent entity was granted on arm's length terms – the interest rate on the loan depends on the level of WIBOR 3M. The tranche in the amount of PLN 11 000 thousand was repaid on 21 May 2018. The terms of repayment of the remaining part of the loan are set as follows in accordance with the annex of 15 January 2019: PLN 11 000 thousand on 30 April 2019 and PLN 10 000 thousand on 30 April 2020.

- PLN 11 000 thousand payable on 30 April 2019, and
- PLN 10 000 thousand payable on 30 April 2020.

Information about warranties and guarantees granted and received in a given financial year, with particular emphasis on warranties and guarantees granted to related entities of the issuer

ULMA Construcción Polska S.A. granted warranty to UKRSIBBANK bank, for the subsidiary ULMA Opalubka Ukraina Sp. z o.o., as security for the repayment of bank credit. The warranty is granted for the term of the credit agreement, and its amount is EUR 1,000 thousand.

In the case of issue of securities in the period covered by the report – description of use of proceeds from the issue by the issuer to the moment of drawing up the report on operations

ULMA Construcción Polska S.A. did not issue any securities in the period covered by the report.

Explanation of differences between financial results disclosed in the consolidated annual report and previously published forecasts of results for the given year.



The Capital Group does not publish forecasts of the Group's financial results.

Assessment, with justification, concerning the management of financial resources, with particular emphasis on the ability to satisfy the obligations incurred, and identification of possible threats and actions which the issuer has taken or intends to take to counteract these threats

All companies of the Capital Group meet their commercial and credit obligations on an ongoing basis.

In 2018, the Capital Group continued to satisfy its property needs (formwork systems and scaffoldings) through investment purchases and transfers of assets from the countries of the Parent Company's (ULMA C y E S, Coop.) operations in which their use is low. In this process, the transferred property is rented from subsidiaries on an arm's length basis, which allows the Capital Group for optimising management of financial resources.

As mentioned, subsidiaries of the Capital Group are exposed to the risk of changes in exchange rates. The Capital Group seeks to reduce this risk through active participation in the currency and futures market or actions oriented at searching for natural security measures. The above-mentioned risk applies in particular to an intra-group loan granted by a mother company ULMA Construcción Polska S.A. to Ulma Opalubka Ukraina sp. z o.o., denominated in USD. The current unstable geopolitical and economic situation in Ukraine constitutes a real threat to the stability of the exchange rate of the domestic currency, hryvnia (UAH).

Assessment of the feasibility of investment plans, including capital investments, compared to the amount of funds possessed, including possible changes in the financing structure of this activity

The main investment activities implemented by the Capital Group in 2018 concerned purchase of formwork systems and scaffoldings, in particular to increase the potential of the Capital Group in the industrial segment and to expand the product portfolio by OHS systems, and to make replacement investments. The scale of investment activities is still dictated by the need to maintain the competitiveness of the Capital Group on individual markets. Owing to the financial surplus generated in the course of operating activities, the Capital Group will be able to continue the necessary investment purchases in subsequent periods, to be financed with its own funds.

On the day of preparation of this report, the Management Boars does not anticipate changes in the policy of financing the Capital Group's investment activities implemented so far.

Assessment of factors and unusual events affecting the result of operations for the financial year, with specification of the degree of impact of these factors or unusual events on the result achieved.

In 2018, there were no unusual events that would have a significant impact on the financial result of the Capital Group or the impact of which is possible in the subsequent years.



Characteristics of the policy concerning the issuer's Capital Group development directions and information about the adopted development strategy of the issuer and its Capital Group, as well as on the activities undertaken as part of its implementation in the period covered by the report with a description of the development prospects of the issuer at least in the following financial year

For many years, the Management Board of the Capital Group has strived for building a competitive advantage through consistent implementation of the same development strategy for all subsidiaries. The strategy concerns in particular maintaining a strong market position on the domestic market in Poland and development of activity on selected eastern markets. These actions, in turn, are in particular focused on:

- enabling access of the subsidiaries to the goods base (construction formworks, scaffoldings and accessories) offered by the "Mother" Company Ulma Construcción Polska S.A. or by the parent entity ULMA CyE, S. Coop from Spain as part of internal procedures for free relocation of goods,
- enabling access of subsidiaries to specialist project facilities which are the basis for enhancing the subsidiaries' competitive advantage,
- provision on intra-group financing,
- adding value by standardisation of control systems and asset management due to which the Capital Group is able to get synergy,
- adding value by standardisation of control systems and risk management.

Market in Poland

Despite the investment boom in construction industry, lots of representatives of the industry are anxious about the future. According to the EFL report, there is a high probability (20%) that the socio-economic situation of the country will not be conducive to the development of the construction industry in the following 10 years. However, the largest group is the one with companies that are unable to assess what the future can bring to them (38% of respondents). Lack of workforce remains the biggest problem, which threatens the implementation of numerous investments. Moreover, we can already see the first symptoms of accumulation of construction investments on the construction market, mainly caused by the need to use EU funds allocated to road investments, which might be followed by a decrease similar to the end periods of the previous perspective of EU funding. The increase in the prices of building materials and services is the second, however important, symptom of accumulation of construction investments, which result in cancellation of tenders for construction works because even the lowest bid amounts are higher than the investor's available funds.

Public procurement, with the two dominant entities - GDDKiA (the General Directorate for National Roads and Motorways) and PKP PLK (Polish railways), is still the main driving force for the development of Polish construction industry. As implies from the information provided by GDDKiA, over 321 km of roads were commissioned in 2018. Most of them – 302 km – are expressways, the remaining 19 km were sections of national roads. Thus, as at 31 December 2018, approx. 1,638 of motorways, over 2,092 km of expressways and almost 3,731 of national roads were used. However, 113 tasks assuming the construction of roads with a total length of 1,426 km were still in progress. As announced by GDDKiA, almost 390 km of roads are to be commissioned in 2019, most of them – 378 km – are expressways. In total, 3,263 km of roads are to be



constructed, including: 252 km of motorways and 2,641 km of expressways under the National Road Construction Programme for 2014 – 2024 (with a perspective to 2025). The value of all tasks covered by the programme amounts to PLN 107 – 135 billion.

The advancement of implementation of the National Railway Programme in Q4 2018 is slightly improved. Although the value of completed investments increased by nearly PLN 2 billion, the value of investment in construction decreased by PLN 0.7 billion. A large part of railway investments (worth approx. PLN 18 billion) is still at the planning or design stage.

Consequently, the infrastructural segment of the construction market, despite its cost and working stage problems, does not indicate a significant downturn in the coming periods.

In 2018, construction industry still recorded increases. However, according to experts the year 2019 will bring a slowdown, and there will be a decrease in production in this sector in 2019. In 2018, more apartments were commissioned than in the preceding year. According to preliminary data of the CSO, 185,000 apartments were commissioned in 2018, that is by 3.6% more than in 2017, when the annual increase by 9.2% was noted. The largest number of apartments was built in Mazowieckie voivodeship (increase by 9.5% YoY), Dolnośląskie (increase by 8.6% YoY), Wielkopolskie (increase by 5.4% YoY) and Pomorskie (increase by 5% YoY). In turn, the number of apartments commissioned in Małopolskie voivodeship decreased (by 8.9% YoY). In December 2018, 21,000 apartments were commissioned, that is by 12.8% more than in December 2017 (when an increase by 2.5% was noted). Moreover, construction permit was issued or a construction notification with building design was made in 2018 for 257,000 apartments, that is by 2.7% more than a year ago, and construction of 222,000 apartments started, that is by 7.7% more than in 2017. In December 2018, the number of apartments started to be built decreased (by 9% YoY). In Q4 2018, the decrease in the number of apartments contracted by the leading developers deepened (-28% YoY compared to -21% in Q3). Consequently, in the whole year the sales of apartments decreased by 14% with the prospect of further declines in the first half of 2019 or even in the whole 2019.

As showed by the preliminary data, the full four quarters of 2018, in terms of the dynamics of construction output, were a very successful period for non-residential construction (increase by 23.9% YoY), in particular in the segment of transportation and communication buildings as well as public utilities, which was certainly influenced by local government elections. In the previous year, the Polish market gained 435,000 m² of new commercial space, of which shopping centres accounted for 266,000 m². The largest and prestigious openings in 2018 are as follows:

- Forum Gdańsk - 62,000 m² in the Tricity,
- Galeria Libero – 45,000 m² in Katowice, and
- Gemini Park – over 36,000 m² in Tychy

As a result, the supply of modern retail space at the end of 2018 in Poland exceeded 14 million m², including over 10 million m² of shopping centres, 3.9 million m² of parks and large trade warehouses, and 0.25 million m² of outlet centres.

The largest projects to be opened in 2019 include:

- Galeria Młociny in Warsaw (72,000 m²),



- Color Park in Nowy Targ (27,000 m²), and
- Stara Ujeżdżalnia in Jarosław (26,000 m²)

However, experts predict that output in this segment already in 2019 is going to start to decrease, which is undoubtedly affected by the ban on Sunday trading (more strict since 2019) and the dynamic development of e-commerce market.

In the industrial segment, we can still talk about a slowdown caused by a small number of tenders and public procurement contracts. This in turn results in a price war between contractors, which quite strongly affected the group Polimex-Mostostal that did not win a tender for the construction of a new coal block planned currently by the government in Ostrołęka power plant, which is currently the largest investment in the industrial sector in Poland (PLN 5.05 billion). On the other hand, contractors seek market opportunities in the process of modernisation of power facilities in heat engineering, aimed at their adjustment to environmental standards. However, investments in coal blocks are still the main driving force of energy construction although this will not last long.

To sum up, experts assess that the year 2019 will be a period of slowdown and lower increases in virtually every construction segment, with very strong cost pressure and lack of employees. Consequently, the year 2019 can prove to be difficult to keep the profitability among the group of general contractors and contractors of construction works, and this in turn may translate into a lack of ability to keep high business profitability recorded in the past year 2018 by the Capital Group.

Commercial risk on export markets

Factors, which may have an impact on the economic situation and foreign market revenues of the Capital Group in the near future, include the following:

UKRAINE

- risk of escalation of the conflict with Russia although this risk decreases in our opinion.
- risk related to unstable exchange rates although this risk decreased in the past period,
- in turn, the risk of internal unrest related to poorly felt improvement of the living conditions of the population,
- moreover, 2019 is a year of presidential and parliamentary elections. There is a risk that potential investments will be stopped while waiting for the result of the elections.

KAZAKHSTAN

- we expect a reduction in risk of significant fluctuations of tenge exchange rate due to the stabilisation of the situation in the country.

LITHUANIA



- There is a risk associated with the seasonality of construction production and the related accumulation of orders for lease in the second half of the year compared to the decrease in the number of orders in the first half of the year.

Changes in the basic principles of managing the issuer's company and its capital group

In 2018, there were no changes in the basic principles of managing the parent entity and the Capital Group ULMA Construcccion Polska S.A.

Changes of the managing and supervising persons of the issuer during the last financial year, principles regarding the appointment and dismissal of managing persons, and the rights of managing persons, in particular the right to decide on the issue or purchase of shares

In accordance with the Articles of Association, the Management Board of the Parent Company ULMA Construcccion Polska S.A. consists from one to five members. Members of the Management Board are appointed and dismissed by the Supervisory Board. The period of office of a Management Board member (term of office) is set by the Supervisory Board. However, this period cannot exceed three years. The Supervisory Board also defines the number of Management Board members and appoints the President from among them.

According to the Bylaws of the Management Board, ULMA Construcccion Polska S.A., the Company's Management Board adopts resolutions on matters provided for by law and the Company's Articles of Association. When adoption of such a resolution requires consent of the General Meeting of the Company or the Supervisory Board of the Company, the resolution can be adopted after obtaining such consent. The Management Board adopts resolutions in particular on matters concerning:

- convening the General Meeting of Shareholders,
- establishing the Company's detailed organisational structure and internal regulations,
- granting and dismissal of commercial proxy and powers of attorney,
- taking credits,
- making investment,
- adopting the rules for remunerating the Company's employees,
- setting the rules and manner for keeping the accounting books,
- setting the detailed rules for the financial management of the Company,
- preparation of internal annual financial plans of the Company,
- preparation of internal multi-annual development plans of the Company,
- setting and announcement of the date of payment of dividend allocated by the General Meeting for payment.

In accordance with the Articles of Association, the Supervisory Board of the Parent Company ULMA Construcccion Polska S.A. consists of five to nine members appointed by the General Meeting. The term of the Supervisory Board lasts three years.



The Supervisory Board exercises permanent supervision over the operations of the Company. Responsibilities of the Supervisory Board include in particular:

- balance sheet audit,
- examination of the report of the Company's Management Board and proposals of the Management Board concerning the distribution of profits or losses,
- suspension of a Management Board member or the whole Management Board due to substantial and compelling reasons,
- delegation of a member or members to temporary performance of duties of the Company's Management Board in the case of suspension or dismissal of the entire Management Board or when the Management Board cannot act for other reasons,
- approval of the Bylaws of the Company's Management Board,
- setting the principles for remunerating members of the Management Board,
- granting permits for investment and purchases exceeding 4/5 (four out of five) parts of the nominal value of the share capital and taking credits that exceed that value,
- appointing the statutory auditor,
- granting permits for purchase or disposal of real estate or share in real estate by the Management Board.

In 2018, there were no changes in the issuer's Supervisory Board.

All agreements concluded by and between the issuer and the managing persons, providing for compensation in the case of their resignation or dismissal from the position held without a valid reason or when their dismissal or termination of employment takes place due to the issuer's merger through acquisition

In the Group's Companies, there are no agreements concluded by and between the companies belonging to the Capital Group ULMA Construcción Polska S.A. and the managing persons, providing for compensation in the case of their resignation or dismissal from the position held without a valid reason or when their dismissal or termination of employment takes place due to merger of the Parent Company ULMA Construcción Polska S.A. or through acquisition.

The value of remuneration, awards or benefits, including those resulting from incentive or bonus schemes based on the capital of the issuer, in particular based on bonds with pre-emptive rights, convertibles, subscription warrants, in cash, in kind or in any other form, paid, due or potentially due, separately for each managing person, supervising person or member of the issuer's governing bodies of the issuer's enterprise

The above-mentioned information is contained in Note 30 Additional information to the consolidated financial statements.

Specification of the total number and nominal value of all shares of the issuer, and the shares and stocks in related entities of the issuer, being in the possession of the managing and supervising persons (for each person separately)



To the best of our knowledge, as at the date of this report no proxy, member of the Management Board or of the Supervisory Board does not hold neither shares in the Parent Company ULMA Construcción Polska S.A. nor shares (stocks) of subsidiaries.

Specification of shareholders holding, directly or indirectly through subsidiaries, at least 5% in the total number of votes at the general meeting of the issuer, with an indication of the number of shares held by these entities, their percentage share in the share capital, the number of votes resulting thereof and their percentage share in the total number of votes at the general meeting

As at 31 December 2018, the following shareholders hold over 5% of the total number of votes:

	Share capital		Votes at the General Meeting of Shareholders	
	Number of shares	%	Number of votes	%
ULMA CyE, S. Coop	3 967 290	75.49	3 967 290	75.49
TFI Quercus S.A.	264 893	5.04	264 893	5.04
OFE Aviva Santander (former name BZ WBK)	263 404	5.01	263 404	5.01
Extensive shareholdings	760 045	14.46	760 045	14.46
Total	5 255 632	100.00	5 255 632	100.00

In connection with the transactions of sale of the Company's shares, Aviva Otwarty Fundusz Emerytalny Aviva Santander ("Aviva OFE") decreased the share in the total number of votes in the Company below 5% and, as at 20 February 2019, held 254,703 shares of the Company, which constitutes 4.85% of the Company's share capital (number of shares issued) entitling to 254,703 votes at the General Meeting, which constituted 4.85% of the total number of votes.

Information about contracts known to the issuer (including those concluded after the balance sheet date), as a result of which changes may occur in future in the proportions of shares held by the existing shareholders and bondholders.

To the best of our knowledge, there are no contracts as a result of which there may be future changes in the proportions of shares held by the existing shareholders.

Indication of the holders of any securities which give special rights of control over the issuer, with a description of these rights

As at the date of this report, there are no securities which give special rights of control over the Parent Company ULMA Construcción Polska S.A.

Information about the control system of employee share schemes



There is no employee share scheme in the companies belonging to the Capital Group ULMA Construcción Polska S.A.

Indication of the body which selected the auditing company

On 26 April 2017, the Supervisory Board of ULMA Construcción Polska S.A. adopted a resolution on the selection of auditing company Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. to carry out:

- Review of the interim financial statements of the Company and interim consolidated financial statements of the Capital Group ULMA Construcción Polska S.A. prepared as at 30 June 2017, as at 30 June 2018 and as at 30 June 2019.
- Audit of the annual financial statements of the Company and the annual consolidated financial statements of the Capital Group ULMA Construcción Polska S.A. prepared as at 31 December 2017, as at 31 December 2018 and as at 31 December 2019.

The Company Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw, Rondo ONZ 1, is entered in the list of entities authorised to audit financial statements under number 130.

Information about:

// the date of conclusion of the contract by and between the issuer and the entity authorised to audit financial statements, on the audit or review of the financial statements or consolidated financial statements and the term of the contract,

// remuneration of the entity authorised to audit financial statements, paid or due for the financial year, separately for:

- Audit of the annual financial statements
- Other attestation services, including review of the financial statements
- Tax consultancy services
- Other services

Review of interim financial statements ULMA Construcción Polska S.A. and review of the financial statements of ULMA Construcción Polska S.A. and the consolidated financial statements of the Capital Group ULMA Construcción Polska S.A. for 2018 was carried out by Ernst & Young Audyt Polska Sp. z ograniczoną odpowiedzialnością s.k. under the contract concluded on 26 July 2017. The above-mentioned agreement was concluded for a three-year term and concerns the audit and review of the Company's financial statements and the consolidated financial statements of the Capital Group prepared for the years 2017-2019. Total remuneration under the above-mentioned contract amounts to PLN 165 thousand, including this from the review of interim statements amounting to PLN 64 thousand.

Review of interim financial statements ULMA Construcción Polska S.A. and review of the financial statements of ULMA Construcción Polska S.A. and the consolidated financial statements of the Capital Group ULMA Construcción Polska S.A. for 2017 was carried out by Ernst & Young Audyt Polska Sp. z



ograniczoną odpowiedzialnością s.k. under the above-mentioned contract concluded on 26 July 2017. Total remuneration under the above-mentioned contract amounts to PLN 200 thousand including this from the review of interim statements amounting to PLN 56 thousand.



Conversion of selected financial data into euro

Conversion of selected consolidated financial data into euro is presented in the table below:

ITEM	in PLN '000		in EUR '000	
	12 months of 2018	12 months of 2017	12 months of 2018	12 months of 2017
Net revenues from sales of products, goods and materials	223 721	201 294	52 488	47 279
Operating profit (loss)	55 817	30 980	13 096	7 276
Gross profit (loss)	58 164	30 954	13 646	7 270
Net profit (loss)	46 997	24 225	11 026	5 690
Net operating cash flows	34 018	18 428	7 981	4 328
Net investing cash flows	10 153	(1 003)	2 382	(236)
Net financing cash flows	(18 869)	(28 090)	(4 427)	(6 598)
Net cash flows	25 302	(10 665)	5 936	(2 505)
Diluted profit per ordinary share	8.94	4.61	2.10	1.08
Basic profit per ordinary share (in PLN/EUR)	8.94	4.61	2.10	1.08
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Total assets	368 225	336 196	85 634	80 605
Liabilities	45 375	40 371	10 552	9 679
Long-term liabilities	3 950	2 621	918	628
Short-term liabilities	41 425	37 750	9 634	9 051
Equity	322 850	295 825	75 081	70 926
Share capital	10 511	10 511	2 444	2 520
Weighted average number of shares	5 255 632	5 255 632	5 255 632	5 255 632
Number of shares as at the balance sheet date	5 255 632	5 255 632	5 255 632	5 255 632
Book value per share (in PLN/EUR)	61.43	56.29	14.29	13.50



Conversion of selected individual financial data into euro is presented in the table below:

ITEM	in PLN '000		in EUR '000	
	12 months of 2018	12 months of 2017	12 months of 2018	12 months of 2017
Net revenues from sales of products, goods and materials	199 797	181 208	46 875	42 561
Operating profit	50 086	22 016	11 751	5 171
Gross profit (loss)	52 752	23 093	12 376	5 424
Net profit (loss)	42 409	18 351	9 950	4 310
Net operating cash flows	31 074	13 895	7 290	3 264
Net investing cash flows	12 069	4 335	2 832	1 018
Net financing cash flows	(20 107)	(28 500)	(4 717)	(6 694)
Net cash flows	23 036	(10 270)	5 405	(2 412)
Diluted profit per ordinary share (in PLN/EUR)	8.07	3.49	1.90	0.82
Basic profit per ordinary share (in PLN/EUR)	8.07	3.49	1.90	0.82
	in PLN '000		in EUR '000	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Total assets	357 345	334 127	83 104	80 109
Liabilities	39 335	37 287	9 148	8 940
Long-term liabilities	3 950	2 620	919	628
Short-term liabilities	35 385	34 667	8 229	8 312
Equity	318 010	296 840	73 956	71 169
Share capital	10 511	10 511	2 444	2 520
Weighted average number of shares	5 255 632	5 255 632	5 255 632	5 255 632
Number of shares as at the balance sheet date	5 255 632	5 255 632	5 255 632	5 255 632
Book value per share (in PLN/EUR)	60.51	56.48	14.07	13.54

The individual items of assets as well as equity and liabilities were converted into EUR at the average exchange rates published by the President of the NBP, valid as at the balance sheet date. The average exchange rate of EUR as at 31 December 2018 was 4.300 PLN/EUR and as at 31 December 2017 – 4.1709 PLN/EUR.

The items of the statement of total income and the items of the cash flow statement were converted at a rate being the arithmetic mean of exchange rates valid in a specific period, i.e. data for 1 January to 31 December 2018 converted at an exchange rate of PLN 4.2623/EUR, data for the corresponding period of 2017 converted at an exchange rate of PLN 4.2576/EUR.

Investor Relations

As part of activities aimed at building correct investor relations, the Group appointed a contact person for Warsaw Stock Exchange, the Financial Supervision Authority and shareholders.



Aneta Szymańska

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Statement on application of Corporate Governance principles

Statement of the Management Board on application of Corporate Governance principles in 2018 will be published together with this report of the Management Board on the operations of the Capital Group ULMA Construcción Polska S.A in 2018.

Statement on application of Diversity Policy

ULMA Construcción Polska S.A. (ULMA) values the importance of diversity as an element of competitive advantage, rejects all forms of discrimination and is committed to ensure and promote diversity, integration and equal opportunities among its employees.

Diversity among our employees promotes innovation and creativity in effective responding to the needs of our customers.

The purpose of the Diversity and Equality Policy ("Policy") is to define the key principles of our operations necessary for continuous building of the organisational culture oriented to diversity and the values implying thereof, as well as to ensure equal chances and opportunities for all employees, regardless of their race, gender, age, sexual orientation, disability, political views, nationality, religion or any other personal, physical or social factor.

The policy is part of a coherent vision of action, applied and promoted by ULMA, which is reflected in our internal regulations (procedures, regulations), including, among others, in the Code of Ethics, the Organisational Regulations, the Anti-mobbing Procedure or the Recruitment Procedure.

The implemented Diversity and Equality Policy includes 3 main operating principles:

- equal access to employment, adequate remuneration and professional development;
- mobbing-free work environment,
- condemnation of discrimination

The Management Board of ULMA takes all actions to promote and keep the atmosphere of mutual respect while maintaining the identity and dignity of other persons.

Statement of the Management Board of the Parent Company



These financial statements of ULMA Construcción Polska S.A. and consolidated financial statements of ULMA Construcción Polska S.A. Capital Group for the year ended on 31 December 2018 were approved by the Management Board of ULMA Construcción Polska S.A. on 27 March 2019.

The financial statements of ULMA Construcción Polska S.A. and consolidated financial statements for the year ended on 31 December 2018 were drawn up to present the property and financial situation and results of operations of ULMA Construcción Polska S.A. and the Capital Group ULMA Construcción Polska S.A.

The financial statements of ULMA Construcción Polska S.A. and consolidated financial statements for the year ended on 31 December 2018 have been drawn up in accordance with the International Financial Reporting Standards "IFRS" and related interpretations announced in the form of regulations of the European Commission.

The consolidated financial statements of ULMA Construcción Polska S.A. Capital Group for the year ended on 31 December 2018 contain the following:

- consolidated financial statements
- consolidated profit and loss account and other total income
- statement of changes in consolidated equity
- consolidated cash flow statement
- additional information.

The financial statements of ULMA Construcción Polska S.A. for the year ended on 31 December 2018 contains as follows:

- financial statements
- profit and loss account and other total income
- statement of changes in equity
- cash flow statement
- additional information.

To the best of our knowledge, the financial statements of ULMA Construcción Polska S.A. and the consolidated financial statements of the Capital Group ULMA Construcción Polska S.A. for the year ended on 31 December 2018 and comparable data have been prepared in accordance with the applicable accounting principles and reflect the property and financial position and financial result of ULMA Construcción Polska S.A. and if the Capital Group ULMA Construcción Polska S.A. in a true, reliable and clear manner, and the report of the Management Board on operations of ULMA Construcción Polska S.A. and of the Capital Group ULMA Construcción Polska S.A. in 2018 contains a true image of the development, achievements and the situation of the Company and of the Group, including a description of the basic risks and threats.

The entity authorised to audit financial statements that audits the financial statements of ULMA Construcción Polska S.A. and the consolidated financial statements of the Capital Group ULMA Construcción Polska S.A. for the year ended on 31 December 2018 was selected in accordance with the law. This entity and statutory auditors auditing this report meet the conditions for issuing an impartial and



independent opinion on the audited financial statements for the year ended on 31 December 2018 in accordance with applicable regulations and professional standards.

For the Management Board of ULMA Construcción Polska S.A.

Full name	Position	Signature
Rodolfo Carlos Muñiz Urdampilleta	President of the Management Board	
Andrzej Sterczyński	Member of the Management Board	
Krzysztof Orzełowski	Member of the Management Board	
Ander Ollo Odriozola	Member of the Management Board	

Koszajec, 27 March 2019