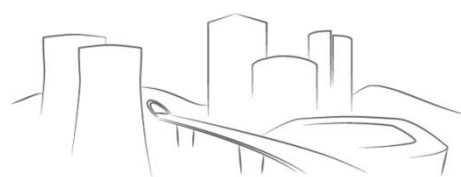


**EXTENDED CONSOLIDATED REPORT OF**

**THE CAPITAL GROUP OF**

**ULMA Construcción Polska S.A.**

**FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2019**



**From the beginning** of your projects



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## CAPITAL GROUP of ULMA Construcción Polska S.A.



## GENERAL INFORMATION

### **I Objects of activity**

Objects of the Capital Group of ULMA Construcción Polska S.A. (hereinafter referred to as the "Group") are as follows:

- rental and sale of construction scaffoldings and formworks,
- custom-made designs for formwork and scaffolding applications,
- export of construction services provided by the Group's companies,
- sale of construction materials and resources as well as concrete accessories,
- transport, equipment and repair activities, including the sale and rental of construction equipment.

The parent company of ULMA Construcción Polska S.A. is a joint-stock company (hereinafter referred to as the "Company"). The Company was established on 14 February 1989 under the name of Bauma Sp. z o.o. as a limited liability company (z o.o.), Reg. No. A.II – 2791. On 15 September 1995, it was transformed into a joint-stock company by virtue of a notary deed before notary Robert Dor at the Notary's Office in Warsaw, Reg. No. A 5500/95. On 29 October 2001, the District Court in Warsaw, XIV Economic Division of the National Court Register, entered the Company in the Register of Entrepreneurs under KRS No. 0000055818. On 6 November 2006, BAUMA S.A. was renamed ULMA Construcción Polska S.A. by virtue of Resolution No. 1 of the Extraordinary General Meeting of Shareholders. The relevant entry in the National Court Register was made on 14 November 2006.

### **I Registered office**

#### **ULMA Construcción Polska S.A.**

(parent company of the Capital Group of ULMA Construcción Polska S.A.)

Koszajec 50

05-840 Brwinów

### **I Parent company and the Group's companies**

The Group of ULMA Construcción Polska S.A. is controlled by ULMA C y E, S. Coop. with its registered office in Spain, holding 75.49% of shares of the Company. The remaining 24.51% of shares are held by numerous shareholders.

The Group of ULMA Construcción Polska S.A. includes:

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.

## Members of supervisory and management bodies as at 30 September 2019 and as at the date of approving the report for publication

### Supervisory Board

#### Composition of the Supervisory Board on 30th September 2019

Aitor Ayastuy Ayastuy	President of the Supervisory Board
Iñaki Irizar Moyua	Vice President of the Supervisory Board
Rafael Anduaga Lazcanoiturburu	Member of the Supervisory Board
Andrzej Kozłowski	Member of the Supervisory Board until 30 May 2019
Michał Markowski	Member of the Supervisory Board
José Joaquín Ugarte Azpiri	Member of the Supervisory Board since 30 May 2019

### Audit Committee

Michał Markowski	Chairman of the Committee
Aitor Ayastuy Ayastuy	Member of the Committee
Rafael Anduaga Lazcanoiturburu	Member of the Committee

### Management Board

Rodolfo Carlos Muñiz Urdampilleta	President of the Management Board
Giordano Marcel Weschenfelder	Member of the Management Board since 30 May 2019
Krzysztof Orzełowski	Member of the Management Board
Ander Ollo Odriozola	Member of the Management Board
Andrzej Sterczyński	Member of the Management Board

### Statutory auditor

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.  
Rondo ONZ 1

00-124 Warszawa

The company is entered in the list of entities authorised to audit financial statements under No. 130.



## **I Banks**

mBANK (d.BRE Bank S.A.)  
PEKAO S.A.  
PKO Bank Polski S.A.  
Banco de SABADELL (Spain)

## **I Stock exchange listings**

The Company is listed on the Warsaw Stock Exchange (hereinafter referred to as the "WSE").  
WSE symbol: ULM.



## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2019



## Consolidated profit and loss account and other total income

	for the third quarter of 2019	3 quarters of 2019	for the third quarter of 2018	3 quarters of 2018
Sales revenues	56 365	164 298	57 653	164 870
Costs of products, goods and materials sold	(37 070)	(107 526)	(34 899)	(104 135)
<b>I. Gross profit on sales</b>	<b>19 295</b>	<b>56 772</b>	<b>22 754</b>	<b>60 735</b>
Selling and marketing costs	(625)	(1 980)	(572)	(1 980)
General administration and management costs	(5 073)	(14 566)	(4 329)	(12 572)
Other operating income	25	722	55	483
Other operating costs	18	(2 299)	(1 672)	(5 653)
<i>Including: impairment losses on receivables</i>	53	(2 259)	(1 672)	(5 653)
<b>II. Profit (loss) at the operational level</b>	<b>13 640</b>	<b>38 649</b>	<b>16 236</b>	<b>41 013</b>
Financial income	329	865	290	1 523
Financial costs	(630)	(1 188)	(462)	(506)
<i>Net financial income (costs)</i>	<i>(301)</i>	<i>(322)</i>	<i>(172)</i>	<i>1 017</i>
Share in profits (losses) in associated companies	83	423	170	310
<b>III. Profit (loss) before tax</b>	<b>13 422</b>	<b>38 749</b>	<b>16 234</b>	<b>42 340</b>
Current income tax	(2 915)	(7 785)	(2 637)	(7 707)
Deferred income tax	(212)	(1 045)	(397)	(361)
<b>IV. Net profit (loss) for the financial period</b>	<b>10 295</b>	<b>29 919</b>	<b>13 200</b>	<b>34 272</b>
<b>Other comprehensive income to be reclassified to profit / (loss) in subsequent reporting periods</b>				
Exchange differences on the translation of financial statements of foreign subsidiaries	3 707	4 488	(1 323)	283
Exchange differences regarding net investments in subsidiaries	1 745	1 790	(396)	276
<b>V. Total income for the financial period</b>	<b>15 747</b>	<b>36 197</b>	<b>11 481</b>	<b>34 831</b>
Net profit attributable to equity holders of the parent	10 295	29 919	13 200	34 272
Net profit attributable to non-controlling interests	-	-	-	-
The total income of the financial period attributable to the shareholders of the parent company	15 747	36 197	11 481	34 831
The total income of the financial period attributable to non-controlling interests	-	-	-	-
Weighted average number of ordinary shares	5 255 632	5 255 632	5 255 632	5 255 632
Basic and diluted profit (loss) per share in the financial period (in PLN per share)	1,96	5,69	2,51	6,52

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





## Consolidated statement of financial position

	Status per day:			
	30.09.2019	30.06.2019	31.12.2018	30.09.2018
<b>ASSETS</b>				
<b>I. Fixed assets (long-term)</b>				
1. Tangible fixed assets	247 232	237 529	229 623	229 293
2. Intangible assets	140	178	226	255
3. Shares in affiliates	2 208	2 125	1 786	1 465
4. Deferred tax assets	3 911	3 504	2 933	2 860
5. Other fixed assets – right to use fixed assets	13 380	13 989	3 902	3 916
<b>Fixed assets (long-term) together</b>	<b>266 871</b>	<b>257 325</b>	<b>238 470</b>	<b>237 789</b>
<b>II. Current assets (short-term)</b>				
1. Inventory	9 794	5 797	6 332	6 146
2. Trade receivables and other receivables	58 821	63 846	72 654	76 776
3. Receivables due to income tax	739	571	382	489
4. Cash and cash equivalents	53 850	34 275	50 387	37 161
<b>Current assets (short-term)</b>	<b>123 204</b>	<b>104 489</b>	<b>129 755</b>	<b>120 572</b>
<b>Total assets</b>	<b>390 075</b>	<b>361 814</b>	<b>368 225</b>	<b>358 361</b>
<b>EQUITY CAPITAL AND LIABILITIES</b>				
<b>I. Equity</b>				
1. Basic capital	10 511	10 511	10 511	10 511
2. Supplementary capital – surplus from the sale of shares above par value	114 990	114 990	114 990	114 990
3. Exchange differences from consolidation	(8 911)	(14 363)	(15 189)	(15 897)
4. Retained earnings, including:	212 447	202 152	212 538	199 813
a) Net profit (loss) for the financial period	29 919	19 624	46 997	34 272
<b>Total equity</b>	<b>329 037</b>	<b>313 290</b>	<b>322 850</b>	<b>309 417</b>
<b>II. Liabilities</b>				
<b>1. Long-term liabilities</b>				
a. Deferred income tax liabilities	5 663	5 150	3 765	4 092
b. Long-term liabilities due to retirement benefits	185	185	185	173
c. Long-term liabilities due to right to use	5 959	6 482	-	-
<b>Long-term liabilities in total</b>	<b>11 807</b>	<b>11 817</b>	<b>3 950</b>	<b>4 265</b>
<b>2. Short-term liabilities</b>				
a. Credits and loans	-	-	1 693	108
b. Short-term liabilities due to retirement benefits	61	61	61	51
c. Short-term liabilities due to factoring of trade liabilities	1 090	903	1 257	2 506
d. Current income tax liabilities	1 681	1 596	2 134	977
e. Short-term liabilities due to right to use	3 639	3 582	-	-
f. Trade payables and other liabilities	42 758	30 565	36 280	41 037
g. Derivate financial instruments	2	-	-	-
<b>Short-term liabilities in total</b>	<b>49 231</b>	<b>36 707</b>	<b>41 425</b>	<b>44 679</b>
<b>Total liabilities</b>	<b>61 038</b>	<b>48 524</b>	<b>45 375</b>	<b>48 944</b>
<b>Total equity and liabilities</b>	<b>390 075</b>	<b>361 814</b>	<b>368 225</b>	<b>358 361</b>

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



## Statement of changes in consolidated equity

Item	Share capital at nominal value	Share premium	Foreign exchange gains/losses on consolidation	Retained earnings	Total equity
<b>As at 31 December 2017 (data reported)</b>	<b>10 511</b>	<b>114 990</b>	<b>(16 456)</b>	<b>186 780</b>	<b>295 825</b>
Adjustment for IFRS 9	-	-	-	(1 215)	(1 215)
<b>As at 1 January 2018 (data restated)</b>	<b>10 511</b>	<b>114 990</b>	<b>(16 456)</b>	<b>185 565</b>	<b>294 610</b>
Total net income in 2018	-	-	1 267	46 997	48 264
Dividend paid	-	-	-	(20 024)	(20 024)
<b>As at 31 December 2018</b>	<b>10 511</b>	<b>114 990</b>	<b>(15 189)</b>	<b>212 538</b>	<b>322 850</b>
Total income in 3 quarters of 2019	-	-	6 278	29 919	36 197
Dividend paid	-	-	-	(30 010)	(30 010)
<b>As at 30 September 2019</b>	<b>10 511</b>	<b>114 990</b>	<b>(8 911)</b>	<b>212 447</b>	<b>329 037</b>

Item	Share capital at nominal value	Share premium	Foreign exchange gains/losses on consolidation	Retained earnings	Total equity
<b>As at 31 December 2017 (data reported)</b>	<b>10 511</b>	<b>114 990</b>	<b>(16 456)</b>	<b>186 780</b>	<b>295 825</b>
Adjustment for IFRS 9	-	-	-	(1 215)	(1 215)
<b>As at 1 January 2018 (data restated)</b>	<b>10 511</b>	<b>114 990</b>	<b>(16 456)</b>	<b>185 565</b>	<b>294 610</b>
Total income in 3 quarters of 2019	-	-	559	34 272	34 831
Dividend paid	-	-	-	(20 024)	(20 024)
<b>As at 30 September 2019</b>	<b>10 511</b>	<b>114 990</b>	<b>(15 897)</b>	<b>199 813</b>	<b>309 417</b>

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



## Consolidated cash flow statement

	for the third quarter of 2019	3 quarters of 2019	for the third quarter of 2018	3 quarters of 2018
<b>Net profit for the financial period</b>	<b>10 295</b>	<b>29 919</b>	<b>13 200</b>	<b>34 272</b>
Corrections:				
- Income tax	3 127	8 830	3 034	8 068
- Depreciation of fixed assets	9 851	28 737	9 312	25 721
- Depreciation of intangible assets	54	161	50	164
- Depreciation of the right to use	1 045	3 094		
- Net value of sold and liquidates – fixed assets	6 521	10 080	1 242	5 424
- (Profits)/losses due to changes in the fair value of financial instruments	2	2	-	(64)
- Change in the value of shares in the associated entities	(83)	(423)	(169)	(310)
- Interest received	(329)	(866)	(258)	(904)
- Interest cost	322	770	18	61
- Foreign exchange (profits) losses	3 401	3 773	922	600
Changes in current assets :				
- Acquisition of formwork – fixed assets	(22 249)	(50 700)	(16 141)	(48 306)
- Inventory	(3 997)	(3 462)	(478)	(437)
- Trade receivables and other receivables	5 025	2 833	214	(2 681)
- Trade payables and other liabilities	12 382	6 311	(1 718)	6 683
	<b>25 367</b>	<b>39 059</b>	<b>9 228</b>	<b>28 291</b>
Income tax paid	(2 999)	(8 596)	(2 293)	(6 362)
<b>Net cash flow from operating activities</b>	<b>22 368</b>	<b>30 463</b>	<b>6 935</b>	<b>21 929</b>
Purchase of property, plant and equipment	(481)	(1 584)	(340)	(1 452)
Proceeds from the sale of property, plant and equipment	-	8	1	10
Acquisition of intangible assets	-	(57)	(6)	(11)
Repayment of loans granted	-	11 000	-	11 000
Interest received	329	866	258	904
<b>Net cash flow from investment activities</b>	<b>(152)</b>	<b>10 233</b>	<b>(87)</b>	<b>10 451</b>
Credits and loans received	-	-	108	108
Repayment of credits and loans	-	(1 693)	-	(410)
Dividends paid	-	(30 010)	-	(20 024)
Lease payments	(902)	(2 974)	-	-
Interest paid	(322)	(770)	(18)	(61)
<b>Net cash used in financing activities</b>	<b>(1 224)</b>	<b>(35 445)</b>	<b>90</b>	<b>(20 387)</b>
<b>Net increase/(decrease) in cash and overdraft facilities</b>	<b>20 992</b>	<b>5 251</b>	<b>6 938</b>	<b>11 993</b>
Cash and overdraft facilities at the beginning of the period	34 275	50 387	31 145	25 802
Foreign exchange (losses)/gains on the measurement of cash and overdraft facilities	(1 417)	(1 788)	(922)	(634)
Cash and overdraft facilities at the end of the period	53 850	53 850	37 161	37 161

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



## Notes to the consolidated financial statements

### Statement of compliance and general principles of preparation

These condensed consolidated financial statements for the period of 9 months ended 30 September 2019 was prepared as required by IAS 34 "Interim Financial Reporting" and the Regulation of the Minister of Finance of 29 March 2018 on current and periodic disclosures to be made by issuers of securities and the conditions for recognising information whose disclosure is required under the laws of a non-member state as equivalent and presents the financial situation of the Capital Group of ULMA Construcción Polska S.A. as at 30 September 2019, operational result and cash flows for the nine months ended on 30 September 2019.

These interim condensed consolidated financial statements were prepared on the assumption that the Group's companies would continue as going concerns in the foreseeable future. As at the date of approving these condensed financial statements for publication, there are no circumstances indicating any threat to the Group's companies to continue as going concerns.

The parent company and the companies of the Capital Group of ULMA Construcción Polska S.A. were established for an indefinite period.

All the amounts in these interim condensed consolidated financial statements are expressed in PLN (zlotys), unless indicated otherwise.

The Group prepared the interim condensed consolidated financial statements based on the same accounting principles as described in the audited consolidated financial statements as at 31 December 2018. The interim financial statements as at 30 September 2019 should be read together with the audited consolidated financial statements as at 31 December 2018.

These consolidated financial statements were approved for publication by the Management Board on 15 November 2019.

### Changes in the applied accounting principles

Due to introduction of the provisions of IFRS 16 (Leasing), the Group decided to apply the modified retrospective approach regarding the initial recognition of lease as at 1 January 2019.

Lease liability was measured at the current value of other lease fees, discounted by the use of lease rate.

The asset from the right of use on the day of its first application was measured at the amount equal to the lease liability, adjusted by the amount of any prepayments or calculated lease payments relating to this lease, recognised in the financial statements immediately before the day of first application.



## Influence of IFRS 16 on the financial statements on the day of first application, i.e. 1 January 2019:

Item	31 December 2018 (data reported)	Influence of IFRS 16 application	1 January 2019
Other fixed assets*)	3 902	(3 902)	-
Right-of-use assets	-	15 123	15 123
<b>Total assets</b>	<b>357 345</b>	<b>11 221</b>	<b>368 566</b>
Long-term lease liabilities	-	7 727	7 727
Short-term lease liabilities	-	3 494	3 494
<b>Total equity and liabilities</b>	<b>357 345</b>	<b>11 221</b>	<b>368 566</b>

Other fixed assets\*) – the value (cost of purchase) of the right of perpetual usufruct of land subject to settlement over time

The information on the impact of the implementation of IFRS 16 on the basic items of the consolidated financial statements is provided below to compare data for the period of 3 quarters ended 30 September 2019.

- EBITDA (operating profit + depreciation) – increase by PLN 3 509 thousand as a result of reducing rental and leasing costs,
- Depreciation – increase by PLN 3 094 thousand,
- Operational profit – increase by 415 as a result of a decrease in the rental and lease costs while increasing the depreciation costs at the same time,
- Financial costs – increase by PLN 542 thousand,
- Profit before tax – increase by PLN 127 thousand,
- Other fixed assets - right-of-use assets – increase by PLN 9 519 thousand,
- Long-term lease liabilities – increase by PLN 5 959 thousand,
- Short-term lease liabilities – increase by PLN 3 639 thousand,

## Exchange rates and inflation

	Average PLN exchange rates published by the NBP				Change in the CPI published by the Central Statistical Office
	UAH (hryvnia – Ukraine)	RON (leu – Romania)	KZT (tenge – Kazakhstan)	EUR (euro)	
30 September 2019	0,1655	0.9207	0,010282	4.3736	2.1%
30 June 2019	0.1427	0.8976	0,009900	4.2520	1.8%
31 December 2018	0.1357	0.9229	0.010124	4.3000	1.6%
31 September 2018	0.1301	0.9157	0.010117	4.2714	1.7%

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



## Additional information to the quarterly report

### A. Conversion of selected financial data into euro

ITEM	in PLN '000		in EUR '000	
	3 quarters of 2019	3 quarters of 2018	3 quarters of 2019	3 quarters of 2018
Net revenues from sales of products, goods and materials	164 298	164 870	38 133	38 796
Operating result	38 649	41 013	8 970	9 651
Result before tax	38 749	42 340	8 993	9 963
Net result	29 919	34 272	6 944	8 065
Net operating cash flows	30 463	21 929	7 070	5 160
Net investing cash flows	10 233	10 451	2 375	2 459
Net financing cash flows	(35 445)	(20 387)	(8 227)	(4 797)
Net cash flows	5 251	11 993	1 219	2 822
Diluted profit per ordinary share (in PLN/EUR)	5,69	6,52	1,32	1,53
Basic profit per ordinary share (in PLN/EUR)	5,69	6,52	1,32	1,53
	<b>30 September 2019</b>	<b>31 December 2018</b>	<b>30 September 2019</b>	<b>31 December 2018</b>
Total assets	390 075	368 225	89 189	85 634
Liabilities	61 038	45 375	13 956	10 552
Long-term liabilities	11 807	3 950	2 700	918
Short-term liabilities	49 231	41 425	11 256	9 634
Equity	329 037	322 850	75 233	75 081
Share capital	10 511	10 511	2 403	2 444
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)	62,61	61,43	14,31	14,29

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 30 September 2019 was PLN 4.3736 and as at 31 December 2018 – PLN 4.300.

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 from 1 January to 30 September 2019 converted at an exchange rate of PLN 4.3086/EUR, data for the corresponding period of 2018 converted at an exchange rate of PLN 4.2497/EUR.



## **B. Description of achievements and factors affecting financial results**

A description of the issuer's significant achievements or failures in the report period together with a list of the most important events related to them and a description of factors and events, in particular of unusual nature, having a significant impact on the achieved financial results

### **I Market environment in Poland**

The latest data from our country's economy indicate that positive trends are continuing despite signals of a downturn in Poland's main trading partners, especially the recession in German industry. Following the growths recorded for the whole economy, there are also visible increases in individual construction sectors.

In the third quarter of 2019, the dynamics of production in the construction industry in the sectors where the highest business activity is recorded by the Group totalled **+8.7% y/y** compared to the same period of the previous year. This result is composed of the dynamics of changes in individual market segments, as follows:

In the **non-residential construction** segment, a slight decrease in construction and assembly production was recorded in the amount of **-0.6% y/y**. The highest decreases were recorded in sports facilities (down 37.8% y/y) and cultural facilities (down 13.7% y/y). However, the highest increases were recorded in the case of hotel construction (up 25.8% y/y) and the retail and service sector (up 15.9% y/y).

Despite a slowdown in the entire **infrastructural segment**, where in the third quarter 2019 the production growth rate was **+4.1% (y/y)**, in the segment most important from the point of view of the Group's business activity, which includes the construction of bridges, viaducts and flyovers, the growth in construction and assembly production was as high as **+19.8% y/y**. Increases were also recorded in the case of railway construction (by 42.9% y/y). In contrast, the road and motorway construction segment recorded a decrease of -6.7% y/y in the analysed period, which occurred for the second consecutive quarter.

In the **residential construction segment**, the analysed third quarter of 2019 was a period of successive growths, which amounted to as much as **+21.5% y/y**.

In the period of nine months of 2019, more apartments were completed than in the corresponding period of the previous year (preliminary data of the Central Statistical Office (GUS) indicate 145.6 thousand apartments completed in the period of nine months of 2019, which is an increase of 12.2% more than a year ago). The value indicated above consists of

- apartments handed over for exploitation by developers in the number of 90.8 thousand apartments (i.e. +16.8% more than in the corresponding period last year),
- apartments handed over for exploitation by individual investors in the number of 50.0 thousand apartments (i.e. +3.9% more than in the corresponding period of the previous year).

Within the framework of the above mentioned forms of residual construction, a total of 96.7% of the total number of apartments completed were built. Fewer apartments were completed in the co-operative, municipal and social segments than a year ago - the total decrease was ca. -19% y/y.



In the **industrial construction** an increase in construction and assembly production of **+8.1% y/y** was recorded in the third quarter of 2019. In the segment including the construction of industrial and warehouse facilities, an increase of 10.8% y/y was recorded, while in the case of complex structures in industrial areas, a decrease of -5.8% y/y was recorded in the analysed period.

Production in sectors, which are considered by the Group as important, is presented in the table below:

<b>Analysis of ULMA market data (PLN '000 000) – CSO/Spectis</b>			
<b>Sector</b>	<b>Q3 2019</b>	<b>Q3 2018</b>	<b>% YoY</b>
Residential sector	4 889	4 023	21,5%
Non-residential sector	5 965	6 003	-0,6%
Engineering sector (bridges, overpasses, flyovers, tunnels)	720	601	19,8%
Industrial sector	5 091	4 710	8,1%
<b>Sectors supported by ULMA CONSTRUCCION POLSKA S.A. in total</b>	<b>13 432</b>	<b>11 375</b>	<b>18.1%</b>

## **Market environment abroad**

Due to the difficulty in obtaining reliable data concerning quarterly changes in the basic economic and construction indicators for export markets on which the Capital Group operates, the Management Board decided to present in this report only general information on recorded trends and market events.

### **Ukraine**

On the Ukrainian market, large projects in the non-residential construction segment (shopping centres) are continued and new large investments are launched. Recently, the construction of several high-rise buildings has also begun, which require good quality formwork solutions, including wind protection, which is the domain of European suppliers. Ulma, having such equipment and technologies in its offer, has a positive view of the development of this market niche.

### **Kazakhstan**

The situation on the Kazakh market did not change significantly until the publication of the previous report. There is a growing interest in system solutions in the field of formwork, including in particular system scaffoldings, which the Group has in its offer, which allow the contractors of monolithic structures to optimally use the potential of their employees, shorten the time of execution, as well as significantly improve safety at construction sites.

### **Lithuania**

On the Lithuanian market, the Group observes the accumulation of orders forecast by the Management Board to be completed in the second half of the year and early 2020.





## Operating profitability

In the three quarters of 2019, the Capital Group obtained a positive result on operating activities, which amounted to PLN 38,649 thousand to a positive result of PLN 41 013 thousand achieved in the corresponding period of the previous year.

The basic amounts related to EBIT (operating profit) and EBITDA (operating profit + depreciation) in the analysed periods were as follows:

	for the first quarter of 2019	for the second quarter of 2019	for the third quarter of 2019	3 quarters of 2019	2018	3 quarters of 2018
Sales	51 567	56 366	56 365	164 298	223 721	164 870
<b>EBIT</b>	<b>9 611</b>	<b>15 398</b>	<b>13 640</b>	<b>38 649</b>	<b>55 817</b>	<b>41 013</b>
% for sale	18,64	27,32	24,20	23,52	24,95	24,88
Depreciation	10 513	10 529	10 950	31 992	35 314	25 885
<b>EBITDA</b>	<b>20 124</b>	<b>25 927</b>	<b>24 590</b>	<b>70 641</b>	<b>91 131</b>	<b>66 898</b>
% for sale	39,03	46,00	43,63	43,00	40,74	40,58

The depreciation of the right to use assets allocated in relation to the implementation of IFRS 16 (Leasing) in the amount of PLN 3 094 thousand is included in the total amount of depreciation in the period of 3 quarters 2019.

In the three quarters of 2019, the Capital Group recorded an increase in EBITDA in absolute terms by PLN 3 743 thousand compared to the level achieved in the three quarters of 2018, resulting in an increase in EBITDA expressed as a sales percentage by 2.42 percentage points.

This result was influenced by the favourable market environment in Poland and abroad - especially in Ukraine, which was reported by the Management Board of the Group in July this year, allowing for a further increase in the Group's commercial activity in the "materials sales segment", which helped to effectively cover the negative divergences recorded this year in the "construction services" segment, compared to the same period last year, especially in the domestic market. The improvement of the EBITDA profitability ratio was also influenced by consistent cost control and consistent implementation of the price policy for products and services offered by the Group.

In the three quarters of 2019, the Capital Group created write-offs of receivables and write-downs of trade receivables of PLN 2 259 thousand compared to PLN 5 653 thousand in the corresponding period of the previous year (recognised as "Other operating costs").

In the three quarters of 2019, the Capital Group did not make revaluation write-offs of inventories or impairment losses on tangible fixed assets or intangible assets. There were also no reversals of such write-offs.

## 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.

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



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:

- current diminishing the difference in the currency position (difference between assets and liabilities expressed in foreign currencies) in the Company, and
- adjustment process for offered prices of services and materials in subsidiaries.

## Financial costs and other total income

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

As at 30 September 2019, the value of long-term loans granted amounted to EUR 2 100 thousand and USD 290 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 the three quarters of 2019, the total value of exchange rate differences included in the above-mentioned statements was positive and amounted to PLN 6 278 thousand, including:

- PLN 1 790 thousand are positive exchange rate differences related to the above-mentioned "net investment" (loans granted) in subsidiaries. Exchange rate differences on settlement measurement as at the balance sheet date are recognised as "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 4 488 thousand are positive foreign exchange differences resulting from changes in exchange rates of local currencies to PLN, affecting the conversions of financial statements of subsidiaries operating abroad.

In the three quarters of 2018, these amounts were as follows:

- PLN 276 thousand due to exchange rate differences related to "net investment in a foreign entity" and,
- PLN 283 thousand due to 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.

The table below presents exchange rates against PLN 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 2017	31 March 2018	Change %	31 December 2018	31 March 2019	Change %
UAH/PLN	0,1236	0,1301	5,26%	0,1357	0,1655	21,96%
KZT/PLN	0,9405	0,9884	5,10%	0,9878	0,9726	-1,54%

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



PLN/EUR	4,1709	4,2714	<b>2,41%</b>	4,3000	4,3736	<b>1,71%</b>
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In the analyzed period of the three quarters of 2019, the local currency appreciated in Ukraine (UAH) by approx. 22% and the local currency in Kazakhstan (KZT) slightly appreciated against PLN. This phenomenon contributed to the positive exchange differences resulting from the conversion of financial statements of subsidiaries operating with limit.

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 the three quarters of 2019, the Capital Group neither created any impairment losses on financial assets nor did it reverse them.

## Net financial result

After taking into account income tax, the Capital Group's net profit in the three quarters of 2019 was PLN 29 919 thousand compared to PLN 34 272 thousand achieved in the corresponding period of the previous year.

## Cash flows

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

	<b>3 quarters of 2019</b>	<b>3 quarters of 2018</b>
Net profit (loss)	<b>29 919</b>	34 272
Depreciation	31 992	25 885
<b>Total financial surplus</b>	<b>61 911</b>	<b>60 157</b>
Other elements of net operating flows	(31 448)	(38 228)
<b>Net operating cash</b>	<b>30 463</b>	<b>21 929</b>
Net investing cash	10 233	10 451
Net financing cash	(35 445)	(20 387)
<b>Net cash</b>	<b>5 251</b>	<b>11 993</b>

## Operating flows

In the three quarters of 2019, the Capital Group achieved a positive financial surplus (net profit + depreciation) of PLN 61 911 thousand.



In the same period, operating cash amounted to PLN 30 463 thousand compared to PLN 21 929 thousand in the corresponding period of the previous year.

In the three quarters of 2019, the Capital Group continued investment purchases in the formwork and scaffolding group mainly to supplement the portfolio of the offered products necessary to provide services on the construction market, which has been growing for several years in Poland, in particular in the bridge segment. As a result, investment expenses in the three quarters of 2019 related to the acquisition of tangible fixed assets in the group of formwork and scaffolding systems amounted to PLN 50 700 thousand compared to PLN 48 306 thousand in the corresponding period of 2018.

## Investing flows

Investing flows include primarily inflows from interest on the loan granted to the parent company and expenses related to purchases of other fixed assets (formwork cleaning and repairing machines and devices, and hardware).

## Financing flows

The main item in financial expenses in the three quarters of 2019 is the payment of a dividend of PLN 30 010 thousand and on repayment of lease installments by the parent company (PLN 2 974 thousand). As a result of the above, in the three quarters of 2019, the Group's cash increased by PLN 5 251 thousand and reached PLN 53 850 thousand as at 30 September 2019.

## Employment information

Basic information on the Capital Group's and the parent company's average employment is presented in the table below.

	3 quarters of 2019	2018	3 quarters of 2018
ULMA Construcción Polska S.A.	362	306	291
Capital Group of ULMA Construcción Polska S.A.	430	371	358

## C. Description of the Capital Group

### Description of the organizational changes of the Capital Group of ULMA Construcción Polska S.A. and indication of the entities subject to consolidation

The composition of the Capital Group of ULMA Construcción Polska S.A. is presented in section GENERAL INFORMATION herein.

Subsidiaries are consolidated in full, while the affiliate is consolidated by using the equity method.

No changes in the structure of the Capital Group of ULMA Construcción Polska S.A. occurred in the report period.



## D. Position of the Board with regard to the forecasts

The position of the Management Board regarding the possibility of implementing previously published forecasts of results for a given year in the light of the results presented in the quarterly report in relation to forecasted results

On 14 October 2019, in Current Report No. 16/2019 the Company's Management Board published preliminary estimates of selected financial and operating data of the ULMA Construcción Polska Group, including total revenue and revenue in the Group's individual operating segments. The table below shows a comparison of the released preliminary estimates and actual data recorded in the first half of 2019 and the second quarter of 2019.

	Forecast	Implementation	Difference
Sales revenues, including:	164 298	164 298	-
- site services	126 072	126 072	-
- sale of construction materials	38 226	38 226	-
EBITDA (operating profit + depreciation)	70 641	70 641	-
Net profit	29 919	29 919	-
Net cash position (cash + loans granted - credits)	63 850	63 850	-

## E. Major shareholders

Indication of shareholders owning directly or indirectly through subsidiaries at least 5% of the total number of votes at the General Meeting of the issuer as at the report submission date and indication of changes in the ownership structure of significant issuer's share packages from the date of submission of the previous periodic report

As at the date of submitting this quarterly report, the following shareholders hold over 5% of the total number of votes:

- **ULMA C y E S, Coop.** (Spain) holding directly 3 967 290 shares in ULMA Construcción Polska S.A., accounting for 75.49% of share in the Company's share capital and giving the right to 3 967 290 votes at the General Meeting, accounting for 75.49% of the total number of votes,
- **Quercus TFI S.A.** holding 264 893 shares in ULMA Construcción Polska S.A., accounting for 5.04% of share in the Company's share capital and giving the right to 264 893 votes at the General Meeting, accounting for 5.04% of the total number of votes.

## F. Issuer's shares held by managers and supervisors

Summary of the possession status of issuer's shares or rights to them of issuer's managers and supervisors as at the date of report submission along with an



indication of changes in the possession status in the period from the date of submission of the previous periodic report, separately for each of these persons, in accordance with the information held by ULMA Construcción Polska S.A.

According to information held by ULMA Construcción Polska S.A., there have been no changes in the ownership of shares in ULMA Construcción Polska S.A. or rights to them (options) by these persons since the submission of the previous report.

No manager and supervisor of ULMA Construcción Polska S.A. holds the issuer's shares.

### **G. Significant court proceedings**

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

#### **Proceedings concerning claims of ULMA Construcción Polska S.A. as at 30 September 2019:**

ULMA Construcción Polska S.A. conducts 51 court proceedings concerning claims (as at 30 September 2019), the total value of which is PLN 20 618 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.

No court proceedings conducted by ULMA Construcción Polska S.A. exceed 10% of the equity of ULMA Construcción Polska S.A.



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

Item	Number of proceedings	Balance as at 30 September 2019	Date of initiation of proceedings	Current status of the case
<b>Court proceedings</b>	<b>4</b>	<b>643</b>		
<i>including the largest cases:</i>				
H.P.U. "ROTOS" Ryszard Dominik		545	June 2018	<p>The District Court in Białystok awarded the entire claim from the Debtor and the Guarantor (the Debtor's spouse) by way of a payment order. The debtors appealed against the payment order. The case was referred to the District Court in Tarnów, which upheld the payment order. The Debtors applied for a statement of reasons for the judgement.</p> <p>For the repayment of its receivables under enforcement proceedings, the Company managed to secure (and partially collect) Debtors' movable assets (construction machinery) whose value is similar to the total amount of debt. In September this year, as part of bailiff proceedings, some of the seized movables were auctioned off and the Company recovered PLN 310 thousand. The remaining movables are the subject of anti-enforcement suit brought by Debtors' children. The Company counts on the completion of the pending anti-enforcement suit and effective bidding of the remaining movables by the end of this year.</p> <p>In addition, at the request of the Company, criminal proceedings are being conducted in connection with the fact that the Debtors, being already debtors of the Company, have assigned their movable and immovable property of significant value to children.</p>
Aussie Development sp. z o.o.		58	May 2019	The Company filed 2 suits against the Debtor and the guarantor (an individual) due to two different agreements between the parties. In one of the proceedings, the Company has already received a payment order and is awaiting its validation, while in the other, the Company is awaiting a payment order.
K & K Sp. z o.o.		22	September 2018	In October this year the order for payment became final and after the case was referred to the bailiff, the Debtor repaid the entire debt.
Construct sp. z o.o.		18	July 2019	The company is awaiting the issued payment order to become final and non-appealable.
<b>Total listed</b>	<b>4</b>	<b>643</b>		<b>100% of all the claims</b>
Item	Number of proceedings	Balance as at 30 September 2019	Date of initiation of proceedings	Current status of the case
<b>Bankruptcy proceedings</b>	<b>47</b>	<b>19 975</b>		

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



<i>including the 5 largest cases:</i>				
HYDROBUDOWA POLSKA SA		6 602	September 2012	The claim notified to a liquidator.
RADKO Sp. z o.o.		4 104	August 2012	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. In particular it is the enforcement proceedings against one of the guarantors (former member of the Debtor's management board). As regards the guarantor, enforcement proceedings are carried out with respect to land properties and shares in another company. At present, the bailiff has managed to cash in and transfer to the Company the amount for one of the properties. In October this year, the bailiff also sold another two properties for a total of PLN 202 thousand (and in these cases the Company is awaiting a plan to distribute the recovered amount), where the Company is privileged over other creditors (first place mortgages). Enforcement proceedings from the shares in the company are at the stage of estimating the value (the company in which the guarantor holds the shares is the owner of real estate with an estimated value of about 500 thousand PLN).
HENPOL Sp. z o.o.		1 010	January 2014	The claim notified to a liquidator.
Gotowski – Budownictwo Komunikacyjne i Przemysłowe sp. z o. o		873	June 2018	On 22 June 2018, the District Court in Bydgoszcz issued a decision on opening the recovery proceedings concerning the Debtor. The Company filed its claims, which were partially questioned by the Court Supervisor. In its letter of 3 January 2019, the Company filed an objection to the entry. By way of its decision of 6 June 2019, the District Court in Bydgoszcz admitted a significant part of the disputed claim (PLN 273,355.07 out of PLN 372,169.31). Both the Company (letter of 1.07.2019) and the Court Supervisor filed complaints against the decision. The Company awaits the decision of the District Court concerning the complaints. It is worth noting that if the Supervisor's complaint is rejected, the PLN 273,355.07 admitted by the Court will be paid from the amount deposited by the Investor. Regardless of the pending recovery proceedings, the Company exchanges correspondence with Investors seeking to receive direct payments (the Company's contracts were notified under the Public Procurement Law). After earlier refusals to make relevant payments, in July 2019 the Company received a payment of PLN 197 thousand from one of the Investors (which exhausts the Company's claims against that Investor). In October this year the Company made a final call to the other Investor, to which it had earlier applied for a direct payment of PLN 316 thousand. In case of non-payment, the Company will consider filing a suit against this Investor. The remaining amount (the amount reported and recognised by the Supervisory Board less the payments from Investors) is expected to be satisfied by the Company as part of the ongoing cure proceedings.
Krokbud Sp. z o.o.		864	April 2016	On 21 April 2016, the District Court in Nowy Sącz issued an arrangement bankruptcy order of the Debtor. On 16 November 2017, the same court changed the previous decision to the decision on the declaration of bankruptcy with liquidation of Debtor's assets. The company reported claims to the receiver. On 3.04.2019, it was announced in the MSiG that the receiver had submitted a supplementary list of claims, which enables him to draw up a distribution plan for the proceedings.

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





<b>Total listed</b>		<b>13 453</b>		<b>67% of all the claims</b>
<b>Pending proceedings in total</b>	<b>51</b>	<b>20 618</b>		

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 92 such proceedings the value of which is PLN 9 610 thousand.

As at 30 September 2019, the total balance of debtors (at the judicial and extra-judicial stage) as at 30 September 2019 included 143 cases and amounted to PLN 30228 thousand.

It should be pointed out that starting from the third quarter of the previous year, and especially in the current year, the total amount of receivables collected in the Company starts to decrease (without taking into account the reduction of the amount due to writing off receivables into costs). This indicates a growing effectiveness of the conducted collection of difficult receivables - the value of debtors' payments on this account is higher than the value of receivables directed to collection in a given period, as shown in the table below.

	<b>3 quarters of 2019</b>	<b>3 quarters of 2018</b>	<b>2018</b>
<b>[1] Receivables in collection at beginning of period</b>	<b>36 369</b>	<b>38 251</b>	<b>38 251</b>
[2] Receivables written off in the period	(5 296)	(1 274)	(2 867)
[3] Payments for receivables in collection in the period	(1 022)	(2 087)	(2 639)
[4] New receivables collected in the period	583	3 427	3 624
<b>[5] Receivables in collection at beginning of period</b>	<b>30 634</b>	<b>38 317</b>	<b>36 369</b>
[3] + [4] <i>New receivables minus repayments due in recovery</i>	(439)	1 340	985

The above phenomenon is an effect of, on the one hand, a careful process of verification of new customers/buildings, and, on the other hand, the application of effective safeguards in contracts with customers. The fact that the increasing value of sales is located in public contracts, where the Company's contracts with customers are protected by law by provisions of the Public Procurement Law, also helps to avoid debt collection.



## I Proceedings concerning claims of subsidiaries as at 30 September 2019:

As at the balance sheet date, there were 17 court cases in total in the subsidiaries the value of which was PLN 3 768 thousand, including:

- 10 cases, the value of which is PLN 1 116 thousand, are at the court stage,
- 7 cases, the value of which is PLN 2 652 thousand, concern reorganisation and bankruptcy proceedings.

Unchangeably, insolvency proceedings of one of the debtors in Ulma Baltic sp. z o.o. are the largest of the court cases in Subsidiaries (the equivalent of debt as at the date of the report is PLN 2 052 thousand).

As in the parent company in subsidiaries' balance sheets, apart from court receivables described above, there are also balances of 13 receivables under enforcement the total value of which is PLN 2 077 thousand. The above-mentioned amounts are presented after conversion into PLN at the exchange rates as at the balance sheet date.

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

## H. Transactions with related entities

Information on concluding one or more transactions by the issuer or its subsidiary with its affiliates, provided that they were concluded under terms and conditions different from the market ones, and indication of their value, including in particular:

- a) Information on the entity with which the transaction was concluded,
- b) Information on relations between the issuer or its subsidiary with the entity being a party to the transaction,
- c) Information on the subject matter of the transaction,
- d) Significant transaction terms,
- e) Other information on these transactions if it is necessary for understanding the issuer's economic standing, financial standing and financial result,
- f) All changes in transactions with affiliates described in the recent annual statements which might have a significant impact on the issuer's economic standing, financial standing and financial result.

Transactions concluded in the three quarters of 2019 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:

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



- purchase of formworks and scaffoldings and services of formwork and scaffolding rental with a total value of PLN 29 696 thousand,
- other purchases in the total amount of PLN 1 236 thousand.

In the last 12 months (from 1 October 2018 to 30 September 2019), the above transactions amounted to:

- purchase of formworks and scaffoldings and services of formwork and scaffolding rental with a total value of PLN 37 166 thousand,
- other purchases in the total amount of PLN 1 602 thousand.

In addition to commercial transactions, ULMA Construcción Polska S.A. granted long-term and short-term loans to its affiliates in the previous periods. The loans by indebtedness as at the balance sheet date and as at 31 December 2018 are listed in the table below.

Affiliate – long-term loans	Value of the loan 30 September 2019	Value of the loan 31 December 2018
ULMA Opałubka Ukraina (USD '000)	290	1 300
ULMA Construcción BALTIC (EUR '000)	2 100	2 250
Affiliate – short-term loans	Value of the loan 30 September 2019	Value of the loan 31 December 2018
ULMA CyE S.Coop. (PLN '000)	10 000	21 000

The above loans granted to subsidiaries are perceived as net investments in a subsidiary.

Unrealised foreign exchange differences resulting from the valuation of the above loans are recognised directly in the Group's equity.

In the previous periods, 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.

- 1st tranche in the amount of PLN 11 000 thousand was repaid in the period provided for and described in the loan agreement on 21 May 2018.
- Second tranche in the amount of PLN 11 000 thousand was repaid in the period provided for and described in the loan agreement on 29 April 2019.
- The date of payment of the remaining part of the loan (third tranche in the amount of PLN 10 000 thousand) in accordance with the annex of 15 January 2019 (current report no. 1/2019 of 15 January 2019) was set until 30 April 2020.

## I. Guarantees and suretyships

Information on granting by the issuer or its subsidiary loan or credit guarantees or suretyships - jointly to one entity or a subsidiary of that entity, specifying:

- a) Name of the entity to which the suretyships or guarantees were granted,
- b) Total amount of credits or loans which was respectively secured or guaranteed in full or in part,



- c) Term of the suretyships or guarantees,
- d) Financial terms and conditions of the suretyships or guarantees, specifying the remuneration of the issuer for granting such suretyships or guarantees,

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 (revolving line). The warranty is granted for the term of the credit agreement, and its amount is EUR 1 000 thousand.

The maturity date of the credit agreement is 31 December 2020. As at the balance sheet date on 30 September 2019, there is no indebtedness under this agreement.

As of 30 September 2019, the grace period for two bank guarantees issued by order of ULMA Construcción Polska S.A. for one of its suppliers ended. These guarantees secure the Company's liabilities under a long-term lease agreement for the Logistics Centre in Gdańsk (liabilities under service charges and liabilities under monthly lease rentals) and are cyclical in nature.

Given the long term nature of the aforementioned lease agreement, Ulma Construcción Polska S.A. is obliged to extend the guarantee each time for subsequent years, until the lease agreement expires. As a result, on 26 September 2019, both guarantees were extended until 30 September 2022 and totalled PLN 3,594 thousand.

## **J. Other relevant information**

### **Other information relevant to the assessment of the personnel, property, financial situation, financial results of the issuer and information relevant for the assessment of the feasibility of the issuer's obligations**

During the three quarters of 2019, no other, than those described above, significant events occurred.

The Management Board of ULMA Construcción Polska S.A. is unaware of any other information, which would be important for assessing its HR, economic, financial standing and financial result and their changes, and for assessing the capability of the Capital Group's companies to discharge their liabilities.

### **Information on the paid (or declared) dividend, in total and per share, broken down into ordinary and preference shares.**

Pursuant to Resolution No. 7 AGM of ULMA Construcción Polska S.A. of 9 May 2019, a portion of the net profit for the financial year 2018 in the amount of 30 009 658.72 was allocated for payment to shareholders in the form of a dividend, in the amount of PLN 5.71 gross per share.

The determination of the rights to the dividend hold on 17 May 2019, and the dividend payment day took place on 24 May 2019.



## **Amount and type of items influencing assets, liabilities, equity, net result or cash flows which are unusual due to their type, value or frequency**

In July 2019, a subsidiary of ULMA Opałubka Ukraina sp. z o.o., sold shuttering systems to one of its key customers with the value of UAH 41667 thousand (i.e. PLN 6163 thousand). It was a one-off transaction, of which the Management Board of the Capital Group informed in current report no. 15/2019 and reports 17/2019 and 18/2019.

Cash obtained from the above-mentioned sales transaction was used for one-off repayment of a significant part of the internal loan which the subsidiary ULMA Opałubka Ukraina sp. z o.o. holds towards the Issuer (the current situation with regard to intra-group financing is presented in detail in the part concerning *transactions with subsidiaries*).

Apart from the above described phenomena, in the period of 3 quarters of 2019 there were no such other operations.

## **Explanations on the seasonality or cyclicity of the issuer's activity in the presented period**

Construction works are characterised by significant seasonality which translates directly into the Capital Group's revenues from sales of products and services. Particularly unfavourable weather conditions and frequent delays in budgetary investments usually occur in the 1st quarter of a year. These factors improve usually in the following quarters and the peak of the construction season is usually the 3rd quarter of a calendar year.

These phenomena also cause the seasonality effect in renovations of the Capital Group's products (formwork and scaffolding systems). Most of these works fall within the construction season, i.e. the 2nd and 3rd quarter of a year.

## **Information about write-offs revaluating the value of inventories to net realizable value and reversals of such write-offs**

During the three quarters of 2019 the Capital Group did not create write-offs revaluating the value of inventories. There were also no reversals of such write-offs.

## **Information on revaluation write-offs due to impairment losses on financial assets, property, plant and equipment, intangible assets or other assets, and about reversals of such write-offs**

During the three quarters of 2019, the Capital Group created write-offs of receivables and write-downs of trade receivables of PLN 2 259 thousand compared to PLN 5 653 thousand in the corresponding period of the previous year (recognised as "Other operating costs").

During the three quarters of 2019, the Capital Group did not make revaluation write-offs due to impairment losses on tangible fixed assets or intangible assets. There were also no reversals of such write-offs.

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



## Information on creation, increase, use and reversal of provisions

The Group creates a provision for future liabilities related to benefits after the period of employment to assign costs to the periods to which they relate. The provision is charged to operating costs in amounts corresponding to the acquisition of such rights in future by present employees. The current value of these liabilities is calculated by an independent actuary.

Actuarial gains and losses resulting from a change in the actuarial assumptions (including those due to changes in discount rate) and actuarial adjustments ex post are recognised in other total income.

Calculation of the provision of the employee is based on the expected amount of retirement or disability package which the Company undertakes to pay under the Regulations.

The expected amount of package is calculated as the product of multiplication of the following factors:

- The expected amount of the basis of the retirement or disability package,
- The expected increase in the basis until retirement age,
- Percent ratio depending on job seniority.

The amount calculated as mentioned above is discounted actuarially as at the balance sheet date. Actuarial discount means the product of multiplication of financial discount and the likelihood that the person will reach the retirement age as an employee of the Company.

The Group revalues the current value of liabilities due to post-employment benefits once a year as at the balance sheet date ending the financial year. The amount of the above provision does not change during the year.

## Information on deferred income tax provisions and assets

	As at:	
	30 September 2019	31 December 2018
Deferred income tax assets:	6 199	5 692
Deferred income tax provision	(7 951)	(6 524)
Compensation	2 288	2 759
Balance sheet value of the deferred income tax asset	3 911	2 933
Balance sheet value of deferred income tax provision	(5 663)	(3 765)

Assets and provisions for deferred tax in the consolidated financial statements as at 30 September 2019 and 31 December 2018 were recognised in the amounts resulting from offsetting assets and liabilities at the level of each of the companies being part of the Capital Group.

## Information on significant purchase and sale transactions of property, plant and equipment

The most important purchase transactions of property, plant and equipment made during the three quarters of 2019 were purchases of formwork elements for lease from the Group's parent company in the amount of PLN 28 668 thousand.



## **Information on significant liabilities for the purchase of property, plant and equipment**

Liabilities under the aforementioned purchases as at 30 September 2019 amounted to PLN 11 759 thousand (translated at the average EUR exchange rate announced by the President of the National Bank of Poland as at the balance sheet date) and have been fully settled by the date of publication of this report.

## **Errors from previous periods**

During the three quarters of 2019 no errors of previous periods were found.

## **Information on failure to repay a credit or loan or breach of substantial provisions of a credit or loan agreement**

During the three quarters of 2019, the above-mentioned events did not occur. As at 30 September 2019, the Capital Group's subsidiaries do not have any debt due to bank loans other than those indicated in this report.

## **Information on the issue, redemption and repayment of non-share and equity securities**

During the three quarters of 2019, the Group did not issue, redeem or repay non-equity and capital securities.

## **Indication of events, which followed the date of the condensed quarterly financial statements, not covered by this report, but which might have a significant impact on future financial results of the issuer**

After the balance sheet date, 30 September 2019, no events were identified that could significantly affect the future financial results of the Capital Group of ULMA Construcción Polska S.A.

## **Information on changes in contingent liabilities or contingent assets which have taken place since the end of the last financial year**

Since the end of the last financial year there have been no changes in contingent liabilities or contingent assets, except for changes in granted bank guarantees referred to in the part concerning *Sureties and Guarantees*. As of 30 September 2019, the value of the aforementioned bank guarantees amounts to 3,594,000 PLN, compared to 3,330,000 PLN as of 31 December 2018.



## K. Factors affecting the future results of the issuer

Indication of factors which the issuer believes will influence results achieved over at least the upcoming quarter

### **Market in Poland**

Quarterly data indicate that the number of bankruptcies in the construction industry remains low and in the third quarter of 2019 amounted to 34 (in the same period last year the number was 31). Optimism in the construction industry continues to be good despite a significant drop in optimism from the industrial production market.

According to the official index of the Central Statistical Office (GUS), after several months of stabilisation, the price dynamics of construction and assembly production starts to slow down. In July 2019, the price index was 3.5% vs. 3.7% a month earlier. The industrial price index remains low (0.6%). On the other hand, for the next month in a row, the consumer inflation rate increased (2.9%). Offer prices of construction works continue to increase the most in the case of cubic construction, especially: prices of plastering works, flooring, concrete and reinforced concrete structures and painting.

In the light of the above mentioned macroeconomic data, the Management Board of the Group forecasts that the prices of the services offered by the Group will continue to increase, at least in the coming quarter, although they will be lower compared to the previous periods in 2019.

In the **residential** sector, in the period of nine months of 2019, the number of apartments for which construction has begun and the number of apartments for which construction permits have been issued or a notification with a construction project has been made increased. In total, **permits were issued or construction of 201.3 thousand apartments** was reported, i.e. by 4.2% more than in the corresponding period last year. Construction permits for the largest number of apartments were granted to developers (123.2 thousand) and individual investors (74.9 thousand), i.e. 4.8% and 5.1% more, respectively, than in the corresponding period of 2018. In the period of 9 months of 2019, **construction of 178.4 thousand housing units commenced**, i.e. 2.6% more than in the corresponding period last year. Developers started construction of 102.3 thousand apartments, and individual investors started construction of 72.5 thousand apartments, i.e. 98.0% of total number of apartments.

In the light of the above mentioned macroeconomic data, the Management Board of the Group forecasts that the market situation in the residential construction segment is still stable, and its dynamics indicates further development of this construction sector not threatened.

In the analysed period of 9 months of 2019, **non-residential** construction recorded a decrease in granted **building permits** in practically every segment. The most significant decreases were recorded in the category of hotel buildings (by 46%), which, however, is mainly due to the high comparative base after the record-breaking 2018. Decreases were also recorded for public buildings (-43%), transport and communications (-18%), commercial (-12%), office (-10%) and other, mainly agricultural (-7%).

Unfavourable data on building permits in the non-residential sector caused some voivodships to record a clear decline in construction potential in the coming quarters. A significant investment slowdown is observed in Świętokrzyskie, Małopolskie and Warmińsko-Mazurskie voivodships. On the other hand, in the





group of 20 largest cities, significantly positive investment dynamics were recorded in Gdynia, Zielona Góra and Katowice. However, a significant slowdown is visible in Kraków, Szczecin and Białystok.

In the **infrastructure** construction industry, in the area of public tenders, after the difficult second quarter of 2019, the situation does not improve. After the first nine months of 2019, decreases of 20 - 30% are recorded. Significantly deeper decreases (21 - 27%) are recorded for smaller tenders below €5.5 million - published in the Public Procurement Bulletin. For larger tenders - published in the Official Journal of the European Union TED - the decreases reach several percent. Large decreases are also observed in the number of expressways and motorways under construction, which at the end of September 2019 were only 1,030 km (down 25.6% y/y).

The above mentioned data show the extent to which the execution of construction projects in the infrastructure segment is delayed in relation to the original assumptions. This means that next year may be a period of a large accumulation of projects in this segment of the construction market, as European funds, planned for individual projects in the 2014-2020 perspective, should be used consistently.

The progress of implementation of the National Railway Programme at the end of July 2019 was further improved. Investments worth PLN 10 billion have already been completed, and projects worth over PLN 40 billion are underway. Projects still the planning or design stage amount to slightly more than PLN 11bn. Nevertheless, the share of the Group's revenues in this sector of construction due to the specific nature of engineering projects.

## **I Foreign 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

- As indicated in the introduction, the construction market in Ukraine this year is characterized by high dynamics, especially in the area of commercial and housing construction. The Management Board of the Group does not expect any major turbulence, e.g. due to the information flowing in the market about a significant increase in investments by private investors.
- Risk of escalation of the conflict with Russia although this risk decreases in our opinion,
- In our opinion, the risk associated with the possibility of a jump in the Hryvnia exchange rate is high. Especially since there has been a significant appreciation of the Hryvnia during this year, the size of which is not, in our opinion, realistically justified.

### KAZAKHSTAN

The Management Board does not record any major hazards or risks associated with its operations, the Tenge rate is currently stable.



## LITHUANIA

As indicated in the introduction, the construction market in Lithuania, after a weak first half of 2019, is characterized by a very good and favourable economic situation in the second half of 2019.

In addition, information from the market about the growing potential of investments carried out with the participation of funds from the EU indicates the possibility of maintaining positive trends in the construction market in future periods.

### **I Foreign exchange 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 exchange rate risk, which it seeks to limit through activity on the currency market.

Ulma Opałubka Ukraina sp. z o.o. (subsidiary) incurred USD-denominated intra-group loans. Due to the inability to effectively hedge this transaction against the exchange rate risk, the Company remains exposed to currency exposure (USD-hryvnia), although this risk seems to be moderate given the visible stabilisation of the situation in Ukraine. Moreover, the Management Board attempts to minimise this risk by updating prices of the offered products and services following changes in exchange rates.

## L. Information on segments

Information on revenues and results for individual business or geographical segments specified in line with the IASs, depending on which division of segments is the basic one

The Capital Group of ULMA Construcción Polska S.A. distinguishes two basic segments of its business activity:

- construction site services – the segment of rental of formwork and scaffolding systems together with widely understood logistic services and construction settlement at the end of a contract,
- sales of construction materials – the segment of sales of formwork systems being fixed assets and current assets (products and goods) of the Capital Group, and of other construction materials.

Results in the segments were as follows:

### **3rd quarter of 2019 – period of 9 months ended 30 September 2019**

Item	Construction site services	Sale of construction materials	Capital Group
Total sales revenues	40 076	25 745	65 821
Internal sales	(404)	(9 052)	(9 456)

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



<b>Sales revenues</b>	<b>39 672</b>	<b>16 693</b>	<b>56 365</b>
Operating costs without depreciation	(22 316)	(16 277)	(38 593)
Internal turnover costs	(16)	6 834	6 818
<b>Consolidated operating costs without depreciation</b>	<b>(22 332)</b>	<b>(9 443)</b>	<b>(31 775)</b>
<b>EBITDA</b>	<b>17 340</b>	<b>7 250</b>	<b>24 590</b>

### 3 quarters of 2019 – period of 9 months ended 30 September 2019

Item	Construction site services	Sale of construction materials	Capital Group
Total sales revenues	127 033	53 731	180 764
Internal sales	(961)	(15 505)	(16 466)
<b>Sales revenues</b>	<b>126 072</b>	<b>38 226</b>	<b>164 298</b>
Operating costs without depreciation	(72 850)	(32 683)	(105 533)
Internal turnover costs	194	11 682	11 876
<b>Consolidated operating costs without depreciation</b>	<b>(72 656)</b>	<b>(21 001)</b>	<b>(93 657)</b>
<b>EBITDA</b>	<b>53 416</b>	<b>17 225</b>	<b>70 641</b>

### 3rd quarter of 2018 – period of 9 months ended 30 September 2018

Item	Construction site services	Sale of construction materials	Capital Group
Total sales revenues	49 650	14 987	64 637
Internal sales	(2 404)	(4 580)	(6 984)
<b>Sales revenues</b>	<b>47 246</b>	<b>10 407</b>	<b>57 653</b>
Operating costs without depreciation	(26 835)	(9 466)	(36 301)
Internal turnover costs	(178)	4 424	4 246
<b>Consolidated operating costs without depreciation</b>	<b>(27 013)</b>	<b>(5 042)</b>	<b>(32 055)</b>
<b>EBITDA</b>	<b>20 233</b>	<b>5 365</b>	<b>25 598</b>

### 3 quarters of 2018 – period of 9 months ended 30 September 2018

Item	Construction site services	Sale of construction materials	Capital Group
Total sales revenues	145 927	34 877	180 804
Internal sales	(2 958)	(12 976)	(15 934)
<b>Sales revenues</b>	<b>142 969</b>	<b>21 901</b>	<b>164 870</b>
Operating costs without depreciation	(82 400)	(23 843)	(106 243)
Internal turnover costs	107	8 164	8 271
<b>Consolidated operating costs without depreciation</b>	<b>(82 293)</b>	<b>(15 679)</b>	<b>(97 972)</b>
<b>EBITDA</b>	<b>60 676</b>	<b>6 222</b>	<b>66 898</b>



The reconciliation of operating profit (loss) compared to the Group's net financial result is presented below.

	3 <sup>rd</sup> quarter 2019	3 quarters 2019	3 <sup>rd</sup> quarter 2018	3 quarters 2018
<b>EBITDA</b>	<b>24 590</b>	<b>70 641</b>	<b>25 598</b>	<b>66 898</b>
Depreciation	(10 950)	(31 992)	(9 362)	(25 885)
Interest revenues	329	865	258	904
Other financial revenues	-	-	32	619
Interest costs	(322)	(770)	(18)	(61)
Other financial costs	(308)	(418)	(444)	(445)
Share in results of affiliates	83	423	170	310
<b>Profit (loss) before tax</b>	<b>13 422</b>	<b>38 749</b>	<b>16 234</b>	<b>42 340</b>
Income tax	(3 127)	(8 830)	(3 034)	(8 068)
<b>Net profit (loss)</b>	<b>10 295</b>	<b>29 919</b>	<b>13 200</b>	<b>34 272</b>



## **M. 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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# ULMA Construcción Polska S.A.

## SEPARATE CONDENSED FINANCIAL STATEMENTS

**FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2019**



## Profit and loss account and other total income

	3rd quarter 2019	3 quarters 2019	3 <sup>rd</sup> quarter 2018	3 quarters 2018
Sales revenues	47 077	140 851	50 593	148 504
Costs of products, goods and materials sold	(31 938)	(95 714)	(31 320)	(95 093)
<b>I. Gross profit on sales</b>	<b>15 139</b>	<b>45 137</b>	<b>19 273</b>	<b>53 411</b>
Sales and marketing costs	(596)	(1 868)	(556)	(1 932)
Overheads	(4 004)	(11 885)	(3 153)	(10 139)
Other operating revenues	88	697	21	400
Other operating costs	287	(323)	(640)	(2 486)
Including losses due to impairment of	319	(281)	(633)	(2 473)
<b>II. Operating profit (loss)</b>	<b>10 914</b>	<b>31 758</b>	<b>14 945</b>	<b>39 254</b>
Financial revenues	2 094	4 669	3	2 116
Financial costs	(178)	(567)	(18)	(62)
<i>Net financial costs</i>	<i>1 916</i>	<i>4 102</i>	<i>(15)</i>	<i>2 054</i>
<b>III. Profit (loss) before tax</b>	<b>12 830</b>	<b>35 860</b>	<b>14 930</b>	<b>41 308</b>
Current income tax	(2 129)	(5 630)	(1 960)	(6 033)
Deferred income tax	(513)	(1 898)	(893)	(1 867)
<b>IV. Net profit (loss) for the financial period</b>	<b>10 188</b>	<b>28 332</b>	<b>12 077</b>	<b>33 408</b>
Other total income :	-	-	-	-
<b>V. Total income for the financial period</b>	<b>10 188</b>	<b>28 332</b>	<b>12 077</b>	<b>33 408</b>
Net profit (loss) for the financial period	<b>10 188</b>	<b>28 332</b>	<b>12 077</b>	<b>33 408</b>
Weighted average number of ordinary shares	5 255 632	5 255 632	5 255 632	5 255 632
Basic and diluted profit (loss) per share in the financial period (in PLN per share)	1,94	5,39	2,30	6,36

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



## Financial statements

	As at:			
	30 September 2018	30 June 2019	31 December 2018	30 September 2018
<b>ASSETS</b>				
<b>I. Fixed assets (long-term)</b>				
1. Tangible fixed assets	229 152	222 846	217 068	217 190
2. Intangible assets	77	131	177	220
3. Shares in affiliates	7 458	7 458	7 458	7 458
4. Right to use other fixed assets	13 380	13 989	3 902	3 916
5. Long-term receivables	10 406	13 880	14 563	14 389
<b>Fixed assets (long-term) in total</b>	<b>260 473</b>	<b>258 304</b>	<b>243 168</b>	<b>243 173</b>
<b>II. Current assets (short-term)</b>				
1. Inventory	7 118	4 554	5 133	5 441
2. Trade receivables and other receivables	51 591	53 532	63 433	70 669
3. Cash and cash equivalents	49 788	31 420	45 611	32 557
<b>Current assets (short-term) in total</b>	<b>108 497</b>	<b>89 506</b>	<b>114 177</b>	<b>108 667</b>
<b>Total assets</b>	<b>368 970</b>	<b>347 810</b>	<b>357 345</b>	<b>351 840</b>
<b>EQUITY CAPITAL AND LIABILITIES</b>				
<b>I. Equity</b>				
1. Basic capital	10 511	10 511	10 511	10 511
2. Supplementary capital – surplus from the sale of shares above par value	114 990	114 990	114 990	114 990
3. Retained earnings, including:	190 832	180 644	192 509	183 508
a) Net profit (loss) for the financial period	28 332	18 145	42 409	33 408
<b>Total equity</b>	<b>316 333</b>	<b>306 145</b>	<b>318 010</b>	<b>309 009</b>
<b>II. Liabilities</b>				
<b>1. Long-term liabilities</b>				
a. Deferred income tax liabilities	5 663	5 150	3 765	4 092
b. Long-term liabilities due to retirement benefits	185	185	185	173
c. Long-term liabilities due to the right to use	5 959	6 482	-	-
<b>Long-term liabilities in total</b>	<b>11 807</b>	<b>11 817</b>	<b>3 950</b>	<b>4 265</b>
<b>2. Short-term liabilities</b>				
a. Short-term liabilities due to retirement benefits	61	61	61	51
b. Short-term liabilities due to factoring of trade liabilities	1 090	903	1 257	2 506
c. Current income tax liabilities	674	687	1 173	547
d. Short-term liabilities due to the right to use	3 639	3 582	-	-
e. Trade payables and other liabilities	35 364	24 615	32 894	35 462
f. Derivate financial instruments	2	-	-	-
<b>Short-term liabilities in total</b>	<b>40 830</b>	<b>29 848</b>	<b>35 385</b>	<b>38 566</b>
<b>Total liabilities</b>	<b>52 637</b>	<b>41 665</b>	<b>39 335</b>	<b>42 831</b>
<b>Total equity and liabilities</b>	<b>368 970</b>	<b>347 810</b>	<b>357 345</b>	<b>351 840</b>

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





## Statement of changes in equity

Detailed list	Share capital at par value	Surplus from the sale of shares above par values	Retained earnings	Total equity
<b>As at 31 December 2017 (data reported)</b>	<b>10 511</b>	<b>114 990</b>	<b>171 339</b>	<b>296 840</b>
Adjustment for IFRS 9	-	-	(1 215)	(1 215)
<b>As at 1 January 2018 (data restated)</b>	<b>10 511</b>	<b>114 990</b>	<b>170 124</b>	<b>295 625</b>
Total net income in 2018	-	-	42 409	42 409
Dividend paid	-	-	(20 024)	(20 024)
<b>As at 31 December 2018</b>	<b>10 511</b>	<b>114 990</b>	<b>192 509</b>	<b>318 010</b>
Total net income in the threet quarters of 2019	-	-	28 332	28 332
Dividend paid	-	-	(30 009)	(30 009)
<b>As at 31 March 2019</b>	<b>10 511</b>	<b>114 990</b>	<b>190 832</b>	<b>316 333</b>

Detailed list	Share capital at nominal value	Surplus from the sale of shares above par values	Retained earnings	Total equity
<b>As at 31 December 2017 (data reported)</b>	<b>10 511</b>	<b>114 990</b>	<b>171 339</b>	<b>296 840</b>
Adjustment for IFRS 9	-	-	(1 215)	(1 215)
<b>As at 1 January 2018 (data restated)</b>	<b>10 511</b>	<b>114 990</b>	<b>170 124</b>	<b>295 625</b>
Total net income in the three quarters of 2018	-	-	33 408	33 408
Dividend paid	-	-	(20 024)	(20 024)
<b>As at 30 September 2018</b>	<b>10 511</b>	<b>114 990</b>	<b>183 508</b>	<b>309 009</b>

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



## Cash flow statement

	3rd quarter 2019	3 quarters 2019	3rd quarter 2018	3 quarters 2018
<b>Net profit for the financial period</b>	<b>10 188</b>	<b>28 332</b>	<b>12 077</b>	<b>33 408</b>
Corrections:				
- Income tax	2 642	7 528	2 853	7 900
- Depreciation of fixed assets	8 815	25 680	8 067	22 431
- Depreciation of intangible assets	53	156	48	158
- Depreciation of the right to use	1 045	3 094	-	-
- Net value of formwork sold – fixed assets	4 384	7 420	257	1 849
- (Profits)/losses due to changes in the fair value of financial instruments	2	2	-	(64)
- Interest and dividends received	(1 472)	(4 245)	(413)	(1 373)
- Interest cost	178	567	18	61
- (Profits)/Losses due to foreign exchange losses	342	476	409	(701)
- Acquisition of formwork fixed assets	(19 148)	(44 150)	(13 881)	(40 797)
Changes in working capital:				
- Inventory	(2 565)	(1 985)	(1 500)	(945)
- Trade receivables and other receivables	1 942	843	755	(2 674)
- Trade payables and other payables	10 937	2 304	(2 769)	3 416
	<b>17 343</b>	<b>26 022</b>	<b>5 921</b>	<b>22 669</b>
Income tax paid	(2 142)	(6 129)	(1 703)	(4 676)
<b>Nat cash flow from operating activities</b>	<b>15 201</b>	<b>19 893</b>	<b>4 218</b>	<b>17 993</b>
Purchase of property, plant and equipment	(358)	(1 041)	(311)	(1 373)
Proceeds from the sale of property, plant and equipment	0	8	1	10
Acquisition of intangible assets	-	(57)	(6)	(12)
Loans granted	-	-	-	-
Repayment of loans granted	3 078	14 693	-	12 030
Dividends received	1 130	3 060	-	-
Interest received	280	1 123	413	1 452
<b>Net cash flow from investment activities</b>	<b>4 130</b>	<b>17 786</b>	<b>97</b>	<b>12 107</b>
Payments related to financial leasing	(902)	(2 974)	-	-
Interest paid	(178)	(567)	(18)	(61)
Payment of dividend	-	(30 009)	-	(20 024)
<b>Net cash flow from financial activities</b>	<b>(1 080)</b>	<b>(33 550)</b>	<b>(18)</b>	<b>(20 085)</b>
<b>Increase/(decrease) in net cash and overdraft in the current account</b>	<b>18 251</b>	<b>4 129</b>	<b>4 297</b>	<b>10 015</b>
Cash and overdraft in current account at the beginning of the period	31 420	45 611	28 377	22 305
Foreign exchange loss/gains on the valuation of cash and overdraft in the current account	117	48	(117)	237
<b>Cash and overdraft in current account at the end of the period</b>	<b>49 788</b>	<b>49 788</b>	<b>32 557</b>	<b>32 557</b>

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



## Description of the major accounting principles applied

The Company prepared the interim condensed financial statements based on the same accounting principles as described in the audited financial statements as at 31 December 2018. The interim financial statements as at 30 September 2019 should be read together with the audited consolidated financial statements as at 31 December 2018 published on 28 March 2019.

## **I Investments in subsidiaries and affiliates**

Investments in subsidiaries and affiliates are recognised at historical cost adjusted for revaluation write-offs. Effects of changes in the revaluation write-offs of investments in subsidiaries are recognised as financial revenues or costs of the reporting period in which a change occurred.

## Conversion of selected financial data into euro

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

ITEM	in PLN '000		in EUR '000	
	3 quarters of 2019	3 quarters of 2018	3 quarters of 2019	3 quarters of 2018
Net revenues from sales of products, goods and materials	44 473	44 493	10 348	10 641
Operating result	8 087	10 153	1 882	2 428
Gross result	8 992	10 625	2 092	2 541
Net result	7 068	8 579	1 645	2 052
Net operating cash flows	6 848	11 905	1 593	2 847
Net investing cash flows	1 231	9	287	2
Net financing cash flows	(1 363)	(27)	(317)	(6)
Net cash flows	6 716	11 887	1 563	2 843
Basic profit per ordinary share (in PLN/EUR)	1.34	1.63	0.31	0.39
Diluted profit per ordinary share (in PLN/EUR)	1.34	1.63	0.31	0.39
	<b>30.09.2019</b>	<b>31.12.2018</b>	<b>30.09.2019</b>	<b>31.12.2018</b>
Total assets	381 482	357 345	88 690	83 104
Liabilities	56 404	39 335	13 113	9 148
Long-term liabilities	10 987	3 950	2 554	919
Short-term liabilities	45 417	35 385	10 559	8 229
Equity	325 078	318 010	75 577	73 956
Share capital	10 511	10 511	2 444	2 444
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)	61.85	60.51	14.38	14.07

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 30 September 2019 was PLN 4.3736 and as at 31 December 2018 – PLN 4.300.

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



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 from 1 January to 30 September 2019 converted at an exchange rate of PLN 4.3086/EUR, data for the corresponding period of 2018 converted at an exchange rate of PLN 4.2497/EUR.