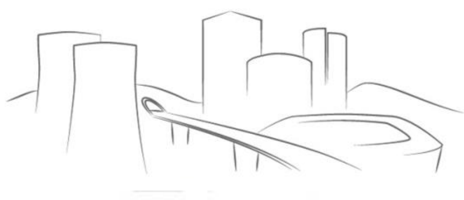
CONSOLIDATED FINANCIAL STATEMENT of

OF THE CAPITAL GROUP OF ULMA Construccion Polska S.A.

FOR THE YEAR ENDING ON 31 December 2020

(along with the report of the chartered accountant)



From the beginning of your projects

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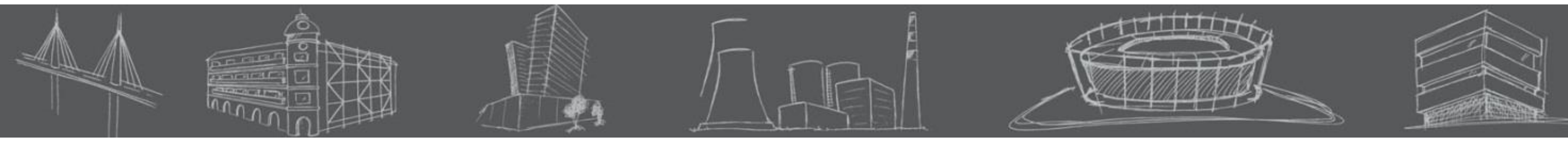


Construccion Polska S.A.
ULMA Construccion Polska S.A.

GENERAL INFORMATION

The subject of operations

The subject of operations of the ULMA Construccion Polska SA Capital Group.
(hereinafter referred to as the Group) are:

- renting and sale of scaffolding and construction formwork,
- custom-made projects for application of formwork and scaffolding,
- export of construction services provided by Group companies,
- sale of building materials and raw materials as well as concrete accessories,
- transport, equipment and repair activities, including the sale and rent of construction equipment.

The parent company ULMA Construccion Polska S.A. is a joint-stock company (Company). The company commenced operations on February 14, 1989 under the name Bauma Sp. z o.o., as a limited liability company (z o.o.) and was registered under the rep number of A.II – 2791. On September 15, 1995, it was transformed into a joint-stock company established by means of a notary deed before a notary public Robert Dorem at the Notary's Office in Warsaw and registered in Rep. No. A 5500/95. On October 29, 2001, the District Court in Warsaw, XIV Commercial Division of the National Court Register, entered the Company in the Register of Entrepreneurs under the number KRS 0000055818. On November 6, 2006, the Extraordinary General Meeting of Shareholders, in Resolution No. 1, resolved to change the name of the Company from the previous name BAUMA S.A. to ULMA Construccion Polska S.A. The relevant entry in the National Court Register was made on November 14, 2006.
In the analysed period there were no changes in the name of the parent company ULMA Construccion Polska S.A.
The parent company's main place of business is Koszajec 50, 05-840 Brwinów (Poland).

Registered Seat

ULMA Construccion Polska S.A.
Koszajec 50
05-840 Brwinów (Poland)

The parent entity and Group composition

The control over the ULMA Construccion Polska S.A. Group is exercised by ULMA C y E, S. Coop. with its registered office in Spain, which owns 75.49% of the Company's shares. The remaining 24.51% of shares are held by many shareholders.
The ULMA Construccion Polska S.A. Group the following companies are included:

- ULMA Construccion Polska S.A. - **the parent company** of the Capital Group performing the management and administrative role for the entire Group and responsible for commercial activities with respect to products and services offered by the Capital Group on the domestic market and on selected foreign markets,
- ULMA Opałubka Ukraina sp. z o.o. - a **subsidiary company** responsible for commercial activities with regard to products and services offered by the Capital Group on the Ukrainian market,
- ULMA Opałubka Kazachstan sp. z o.o. - a **subsidiary responsible** for commercial activities in the field of products and services offered by the Capital Group on the Kazakh market.
- ULMA Construccion BALTIC sp. z o.o. - a **subsidiary** responsible for commercial activities with respect to products and services offered by the Capital Group in the Baltic States (Lithuania, Latvia and Estonia).

In addition, the Group holds shares in the associated entity ULMA Cofraje S.R.L. - an **affiliated company** responsible for commercial activities with respect to products and services offered by the Capital Group on the Romanian market.

Composition of supervisory and management bodies as at 31/12/2020 and as at the date of approval of the report for publication

Supervisory Board

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
Michał Markowski Member of the Supervisory Board
José Joaquin Ugarte Azpiri Member of the Supervisory Board

Audit Committee

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

Management Board

Rodolfo Carlos Muñiz Urdampilleta President of the Board
Giordano Marcel Weschenfelder Member of the Board from 31 December 2020
Krzysztof Orzełowski Member of the Management Board
Ander Ollo Odriozola Member of the Board
Andrzej Sterczyński Member of the Management Board
Marek Czupryński Member of the Management Board from 1 February 2021.

The auditor

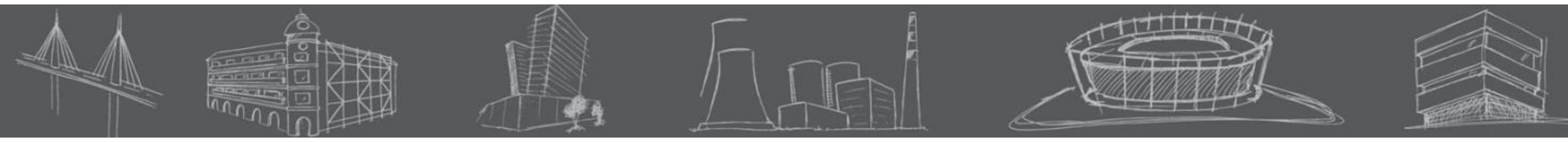
Ernst &Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1
00-124 Warszawa
The company is entered in the list of entities authorized to audit financial statements under item 130.

Banks

mBANK (in the past BRE Bank S.A.)
PEKAO S.A.,
PKO Bank Polski S.A.
Banco de SABADELL (Spain)
Santander Bank Polska S.A.

Stock exchange listing

The company is listed on the Warsaw Stock Exchange ("WSE") since 21 May 1997.
GPW Symbol: ULM.



Construccion Polska S.A.
ULMA Construccion Polska S.A.

CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDING ON 31 December 2020

Consolidated profit and loss account and other comprehensive income

	Note	12 months of 2020	12 months of 2019
Sales revenues	19	190,643	229,366
Costs of products, goods and materials sold	20	145,724	144,648
I. Gross profit on sales		**44,919**	**84,718**
Selling and marketing costs	20	1,342	2,478
General management costs	20	(18 079)	(19 609)
Other operating income	21	2,388	1,381
Other operating costs	21	(2 327)	(4 963)
Including: impairment losses on receivables		*(1 450)*	*(4 963)*
II Profit at the operational level		**25,559**	**59,049**
Financial income	22	736	1,123
Financial costs	22	(1 335)	(1 561)
Net financial income (costs)		*(599)*	*(438)*
Share in profits (losses) in associated companies		(50)	475
III. Profit before tax		**24,910**	**59,086**
Income tax	23	(4,721)	(12,885)
IV. Net profit for the financial period		**20,189**	**46,201**
Other comprehensive net income to be reclassified to profit / (loss) in subsequent reporting periods			
Exchange differences regarding net investments in a subsidiary		933	1,697
Exchange differences on the translation of financial statements of foreign subsidiaries		(5,112)	3,394
V. Total income for the financial period		**16,010**	**51,292**
Net profit attributable to equity holders of the parent	27	20,189	46,201
Net profit attributable to non-controlling interests		0	0
The total income of the financial period attributable to the shareholders of the parent company		16,010	51,292
The total income of the financial period attributable to non-controlling interests		0	0
Weighted average number of ordinary shares		5 255 632	5 255 632
Basic and diluted earnings per share attributable to shareholders of the parent company (in PLN per share)	27	3.84	8.79

Consolidated statement of financial position

	Note	As at: 31 December 2020	31 December 2019
ASSETS			
I. Fixed assets			
1 Property, plant and equipment	5	245,734	255,864
2 Intangible assets	6	261	229
3 Shares in affiliates	8	2,211	2,261
4 Assets due to right of use	9	11,108	12,615
5 Assets due to deferred income tax	17	4,317	4,395
6 Long-term receivables under loan	10	20,000	-
Fixed assets in total		**283,631**	**275,364**
II Current assets			
1 Inventory	11	7,432	7,387
2 Trade receivables and other receivables	10	32,293	60,687
3 Current income tax receivables		981	696
4 Derivative financial instruments	7	-	68
5 Cash and cash equivalents	12	57,765	48,970
Non-current assets classified as held for sale		8,590	-
Current assets in total		**107,061**	**117,808**
Total assets		**390,692**	**393,172**
EQUITY CAPITAL AND LIABILITIES			
I. Equity			
1	13	10,511	10,511
2 Supplementary capital - surplus from the sale of shares above par value	13	114,990	114,990
3 Exchange differences on translating foreign entities		(14,277)	(10,098)
4 Retained earnings, including:		235,253	228,729
a. Net profit for the financial period		*20,189*	*46,201*
Total equity		**346,477**	**344,132**
II Liabilities			
1 Long-term liabilities			
Provision for deferred income tax	17	8,659	6,444
Long-term liabilities due to retirement benefits	18	310	246
Long-term liabilities due to the right of use (leasing)	16	4,088	5,471
Long-term liabilities in total		**13,057**	**12,161**
2 Short-term liabilities			
a. b. Short-term liabilities due to retirement benefits	18	62	54
b. Derivatives		54	-
c. Short-term liabilities due to factoring of trade liabilities	14	-	704
d. Current income tax liabilities		585	2,042
e. Short-term liabilities due to the right of use (leasing)	16	3,541	3,504
f. Trade payables and other liabilities	14	26,916	30,575
Short-term liabilities in total		**31,158**	**36,879**
Total liabilities		**44,215**	**49,040**
Total equity and liabilities		**390,692**	**393,172**

Report on changes in consolidated equity

Detailed list	Share capital at par value	Surplus from the sale of shares above par value	Exchange differences on translating foreign entities	Retained profits	In total Equity
As at 01 January 2020	**10,511**	**114,990**	**(10,098)**	**228,729**	**344,132**
Total net profit in 2020	-	-	-	20,189	20,189
Total income in 2020	-	-	(4,179)	-	(4,179)
Payment of the dividend	-	-	-	(13,665)	(13,665)
As at 31 December 2020	**10,511**	**114,990**	**(14,277)**	**235,253**	**346,477**

Detailed list	Share capital at par value	Surplus from the sale of shares above par value	Exchange differences on translating foreign entities	Retained profits	In total Equity
As at 1st January 2019	**10,511**	**114,990**	**(15,189)**	**212,538**	**322,850**
Total net profit in 2019	-	-	-	46,201	46,201
Total income in 2019	-	-	5,091	-	5,091
Payment of the dividend	-	-	-	(30,010)	(30,010)
As at 31 December 2019	**10,511**	**114,990**	**(10,098)**	**228,729**	**344,132**

Statement of Cash Flows

	Note	12 months 2020	12 months 2019
Net cash flow from operating activities			
Net profit (loss) for the financial period		**20,189**	**46,201**
Adjustments::			
- Income tax	23	4,721	12,885
- Depreciation of fixed assets	5	40,487	38,831
- Depreciation of intangible assets	6	188	191
- Depreciation assets due to right of use		4,048	4,093
- Amounts written off financial fixed assets		394	-
Net value of formwork sold - fixed assets		9,105	13,923
- Interest costs		591	816
Interest income		(735)	(1,123)
- Change in the value of shares in the associated entities		50	(475)
- (Profits) / losses due to changes in the fair value of financial instruments		122	(68)
- (Profits) / Losses due to foreign exchange losses		416	3,812
- Change in the provision for retirement benefits		72	54
Changes in working capital:			
- Inventory		(45)	(1,055)
- Trade receivables and other receivables		18,394	967
- Trade payables and other liabilities		(4,363)	(6,257)
		93,634	**112,795**
Purchasing formwork		(51,124)	(73,078)
Income tax paid		(4,377)	(11,952)
Net cash flow from operating activities		**38,133**	**27,765**
Net cash flow from operating activities			
Purchase of property, plant and equipment		(1,676)	(2,797)
Proceeds from the sale of property, plant and equipment		1,017	11
- Depreciation of intangible assets		(232)	(178)
Repayment of loans		-	11,000
Loans granted		(10,000)	-
Interest received		735	1,123
Net cash flow from investment activities		**(10,156)**	**9,159**
Net cash flow from financial activities			
Repayment of credits and loans		-	(1,693)
Interest paid		(591)	(815)
Payments of liabilities due to the right of use (leasing)		(3,887)	(3,832)
Dividends paid		(13,665)	(30,010)
Net cash flow from financial activities		**(18,143)**	**(36,350)**
Net increase or decrease in cash		9,834	574
Cash at the beginning of the period		48,970	50,387
Net exchange differences on cash and cash equivalents		(1,039)	(1,991)
Cash at the end of the period	12	**57,765**	**48,970**

Notes to the consolidated financial statement

1 Description of the most important applied accounting principles

The basic accounting principles applied in the preparation of this consolidated financial statement have been presented below. The described principles have been applied in all presented periods in a continuous manner.

A) Declaration of conformity and general principles of document preparation

CONSOLIDATED FINANCIAL STATEMENT. of the ULMA Construccion Polska S.A. Capital Group, for which the parent entity is ULMA Construccion Polska S.A., cover the period ended on 31 December 2020 and includes comparative data for the nine months ended as at 31 December 2019.

Duration of the Parent Entity and entities included in the ULMA Construccion Polska S.A. Capital Group. it is unlimited.

This consolidated financial statement was prepared in accordance with the International Financial Reporting Standards ("IFRS") approved by the EU ("EU IFRS"). As at the date of approving publication of this financial statement, given the ongoing process of implementing the IFRS in the EU, the IFRS applicable to this financial statement does not differ from the EU IFRS.

The EU IFRS include standards and interpretations accepted by the International Accounting Standards Board ("IASB").

This consolidated financial statement has been prepared on the historical cost basis, with the exception of financial assets and liabilities (derivative financial instruments) measured at fair value through profit or loss account.

This consolidated financial statement is presented in Polish zloty ("PLN"), and all values, unless indicated otherwise, are given in thousands of PLN.

This consolidated financial statement has been prepared on the assumption that the Group will continue as a going concern in the foreseeable future. With reference to the outbreak of the Covid-19 epidemic, the Management Board prepared and analysed the Group's projected cash flows and concluded that there is no material uncertainty with respect to the assumption that Group's companies will continue to operate in the foreseeable future, i.e. for at least the next 12 months.

This consolidated financial statement was approved for publication by the Management Board on 31 March 2021.

B) Changes in applied accounting principles

The accounting principles (policy) adopted for preparation of this consolidated financial statement is coherent with those applied for preparation of the Group's consolidated financial statements for the year ended 31 December 2019, except for those presented below.

IFRS/IAS and interpretations

Amended standards and interpretations that apply for the first time in 2020 have no material impact on the consolidated financial statement of the Company.

- **Amendments to IFRS 3: *Definition of a project***

  The amendments to IFRS 3 clarify that to be considered a business, an integrated set of activities and assets must include at least one input and one significant process that together contribute significantly to the ability to create outputs. The amendments also clarify that a business can exist without all of the inputs and processes necessary to produce products.

- **Amendments to IFRS 7, IFRS 9 and IAS 39: *Reform of interest rate reference indices***

  The amendments to IFRS 9 and IAS 39 introduce a number of derogations for all hedging relationships directly affected by the IBOR reform. An IBOR reform affects a hedging relationship if it results in uncertainty about the timing and/or amount of interest rate benchmark cash flows arising from a hedged item or an interest rate benchmark hedging instrument.

- **Amendments to IAS 1 and IAS 8: *Definition of "material"***

  The amendments to IAS 1 and IAS 8 introduce a new definition of "material" that states that "information is material if its omission, misstatement or lack of transparency could reasonably be expected to influence the decisions of major users of general purpose financial statements based on such statements that contain financial information about a particular reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of the information, individually or in combination with other information, in the context of the financial statements as a whole.

- **Conceptual Framework for Financial Reporting, dated March 29, 2018**

  The Conceptual Framework is not a separate standard and none of the concepts presented therein supersede or override the concepts presented in any standard or the requirements of any standard. The purpose of the Framework is to assist the IASB in developing standards, to assist preparers in developing consistent accounting policies where no applicable standard exists, and to assist all parties to financial reporting in understanding and applying standards. The updated Framework includes certain new concepts, includes updates to definitions and recognition criteria for assets and liabilities, and clarifies certain important concepts.

- **Amendment to IFRS 16 *Leases*: Rent concessions related to Covid-19 dated May 28, 2020 - retrospectively applicable for annual periods beginning on or after January 1, 2020.**

  As a practical expedient, a lessee may elect not to evaluate whether rent relief granted directly in connection with a Covid-19 pandemic that meets certain conditions constitutes a lease modification. A lessee that makes such an election shall recognize any change in lease payments resulting from the rent relief in the same manner as it would recognize the change under IFRS 16 if the change did not constitute a lease modification.

The Group has not decided to apply earlier any standard, interpretation or change that has been published but has not yet entered into force in the light of European Union regulations.

The following standards, amendments to existing standards and interpretations have not been adopted by the European Union or are not effective as at 01 January 2020:

Norma	Description of amendments	Date of entry into force
IFRS 14 Regulatory prepayments and accruals	Accounting and disclosure principles for regulatory deferred items	The standard in its current version will not apply in the EU
Amendments to IFRS 10 and IAS 28	Provides guidelines for the sale or contribution of assets by an investor to an associate or joint venture	Not specified
IFRS 17 Insurance Contracts	It replaces IFRS 4 and introduces changes concerning, among others, the method of measurement of insurance liabilities, recognition of profit or loss over time, recognition of reinsurance and separation of the investment component.	Until the date of approval of these statements, not approved by the EU - 1 January 2023
Amendments to IAS 1:	Presentation of Financial Statements - Breakdown of liabilities into current and non-current	Until the date of approval of these statements, not approved by the EU - 1 January 2023
Amendment to IFRS 3	Business Combinations - Amendments to References to Conceptual Assumptions	By the date of approval of this report, not approved by the EU - 01 January 2022
Amendments to IAS 16 Fixed assets	Revenues before commissioning	By the date of approval of this report, not approved by the EU - 01 January 2022
Amendments to IAS 37:	Burdensome contracts - costs of fulfilling contractual obligations	By the date of approval of this report, not approved by the EU - 01 January 2022
Amendments resulting from the review of IFRS 2018-2020		By the date of approval of this report, not approved by the EU - 01 January 2022
Amendments to IFRS 4:	Insurance contracts - Deferral of IFRS 9	For annual periods beginning on 1 January 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Reform of the Reference Rates of Interest - Phase 2	For annual periods beginning on 1 January 2021
Amendments to IAS 1 and Practice Statement 2	Disclosures of Accounting Policies	For annual periods beginning on 01 January 2023
Amendments to IAS 8:	Definition of estimated values	For annual periods beginning on 01 January 2023

The above standards and their changes should not have a significant impact on future consolidated statements of the Group.

Effective dates are those resulting from the content of the standards announced by the International Financial Reporting Council. The dates of application of the standards in the European Union may differ from the application dates resulting from the content of the standards and are announced at the time of approval for application by the European Union.

The Group intends to adopt the above-mentioned new standards and amendments to IFRS standards and interpretations published by the International Accounting Standards Board but not in force as at the reporting date in accordance with their effective date.

C) Consolidation

The consolidated financial statement of the Group has been prepared on the basis of the financial statements of the parent company, its subsidiaries and associates. The financial statement of the consolidated entities is prepared for the same reporting period.
Due to the fact that not all the entities comprising the Group apply the same accounting principles in line with those applied by the parent company, for the purpose of preparing the consolidated financial statement, the financial statements of these entities were restated accordingly, adjusting the data to the accounting principles applied by the parent company.
Subsidiaries are those entities over which the parent company exercises control. Control is exercised by the parent company when it holds directly or indirectly, through its subsidiaries, more than half of the votes in a given company, unless it is possible to prove that such ownership does not involve control. Control is exercised when the Company, by virtue of its involvement in another entity, has rights to variable financial results and has the possibility to exert influence on the amount of those financial results by exercising power over that entity. Exercising power may also take place when the parent company does not hold more than half of the number of votes in the subsidiary. Subsidiaries are subject to full consolidation from the date of taking control over them by the Group. They cease to be consolidated on the day of cessation of control. The cost of acquisition is determined as the fair value of transferred assets, issued equity instruments and liabilities incurred or taken over as of the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value as at the acquisition date, irrespective of the size of any non-controlling interests. The excess of the acquisition cost over the fair value of the Group's share in identifiable net assets acquired is recognized as goodwill. If the cost of acquisition is lower than the fair value of net assets of the acquired subsidiary, the differences are recognized directly in the financial result.
Associates are entities on which the parent company directly or through subsidiaries exerts significant influence, but does not control or co-control them.
Investments in associates are accounted for using the equity method.
Transactions, settlements and unrealised gains on transactions between the Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the transferred asset.
Exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised initially in a separate component of equity and recognised in other comprehensive income, and on disposal of the net investment they are recognised in profit or loss.

C. Valuation of items denominated in foreign currencies

1 Functional and presentation currency

The items included in the financial report of the Group are valued in the currency of the basic economic environment in which most of the Group conducts its activity (functional currency). The functional currency of the parent entity is the Polish zloty, which is at the same time the currency of presentation of financial statements of the Group.

2 Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the balance sheet valuation of monetary assets and liabilities denominated in foreign currencies shall be recognised in profit or loss as appropriate. Exchange differences, both positive and negative, relating to investment and financing activities are classified as financial expenses.
Exchange rate differences concerning the execution and balance sheet valuation of trade settlements increase or decrease income or cost items to which they are operationally related.
As the closing rate of a given currency used for the purposes of balance sheet valuation of monetary assets and liabilities expressed in foreign currencies, the Group assumes the average rate of a given currency announced by the National Bank of Poland as of the balance sheet date.
Exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised initially in a separate component of equity and recognised in other comprehensive income, and on disposal of the net investment they are recognised in profit or loss.

3 Foreign companies

The financial statements of the Group companies for which the functional currencies differ from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities are translated at the closing rate applicable on the balance sheet date,
b) revenues and costs in the statement of comprehensive income are converted according to the average exchange rate applicable in a given period, as announced by the President of the NBP,
c) All resulting exchange rate differences are recognized as a separate component of equity and reported in other comprehensive income.

4 Currency exchange rates and inflation

	Average zloty exchange rates published by the National Bank of Poland				Change in the price index of consumer goods and services published by the Central Statistical Office 12 months
	UAH (Hryvnia - Ukraine)	RON (Leu - Romania)	KZT (Tenge - Kazakhstan)	EUR (Euro)	
31 December 2020	0.1326	0.8767	0.008767	4.6148	3,4%
31 December 2019	0.1602	0.8901	0.009916	4.2585	2,3%

2 Significant estimates and judgements made

When preparing the financial statements in accordance with the International Financial Reporting Standards, the Management Board makes certain accounting estimates, taking into account its own knowledge and estimates with respect to the expected changes in the analysed figures. Real values may differ from the estimates.

- The balance sheet value of tangible fixed assets is determined with the use of estimations concerning useful life of particular groups of fixed assets. The adopted useful lives of tangible fixed assets are subject to periodical verification based on analyses carried out by the Group.
  Expenditure of fixed assets from the group of shuttering systems (sale, scrapping, wear and tear for the needs of contract execution) is valued at the net book value of the oldest items of a given

assortment. This is due to the fact that the elements of this group of fixed assets are specified in terms of species and there is no identification in terms of identity.

- Write-offs for expected credit losses are created in accordance with IFRS 9. For receivables classified to NORMA group, the Group estimates the level of expected credit losses using the LGD (Loss Given Default) ratio, which in 2020 amounted to 75% and the likelihood of the debtor's insolvency. Other receivables belonging to the group: debt collection, court, bankruptcy, enforcement are not of homogeneous nature, therefore the Company analyses each balance individually for impairment. If there is any indication that they are not recoverable, the Group recognises a write-down for expected credit losses in the amount resulting from the estimates.

- The Group determines the lease term as the irrevocable lease term, including the periods covered by the extension option if it can be assumed with reasonable certainty that the option will be exercised and the periods covered by the termination option if it can be assumed with reasonable certainty that the option will not be exercised.

- The changes taking place on the construction market may have a significant impact on the assessment of the recoverable value of the assets of individual entities comprising the Group. If evidence of impairment is identified, the Group estimates the recoverable value of its property, plant and equipment.
  The analysis of impairment of property, plant and equipment is carried out by estimating the recoverable value of cash-generating units. Such analysis is based on a number of significant assumptions, some of which are beyond the Group's control. Significant changes to these assumptions affect the results of impairment tests and, consequently, may lead to significant changes in the Group's financial position and results.

- Provisions for employee benefits (retirement and disability severance pay) were estimated using actuarial methods. The assumptions adopted for this purpose are presented in note 18.

- Legal regulations concerning value added tax, corporate income tax and social security charges are subject to frequent changes, which in turn results in the lack of appropriate reference points, inconsistent official interpretations and a low number of established precedents on which the taxpayer could rely.
  The current provisions also contain ambiguities that cause differences in opinions on the legal interpretation of tax regulations, both between state authorities themselves and in contacts between state authorities and taxpayers.
  Tax settlements and other areas of taxpayers' activity (e.g. customs or foreign exchange issues) may be subject to control by state authorities, which are entitled to impose high penalties and fines, and any additional tax liabilities arising as a result of the control must be paid by the taxpayer together with high default interest.
  Consequently, the amounts presented in the financial statements may change in the future as a result of a final decision of the tax inspection authority.
  In the opinion of the Management Board, there are no circumstances indicating that significant liabilities may arise in the Group on this account.
  On July 15, 2016, the Tax Ordinance was amended to include the provisions of the General Tax Avoidance Clause (GAAR) in Polish tax regulations, which is to prevent the creation and use of artificial legal structures created to avoid payment of tax in Poland.
  According to the introduced provisions of the Tax Ordinance, tax avoidance is the undertaking of such activities which, although formally compliant with the law in force, are still characteristic of them:
  - first of all, artificiality and not conforming to the economic realities in which the taxpayer operates;

- secondly, they are carried out primarily for the purpose of obtaining a tax advantage, contrary to the object and purpose of a provision of the Tax Act in the circumstances.

The new regulations will therefore require much greater judgement in assessing the tax consequences of individual transactions.
The implementation of the above provisions will enable the Polish tax control authorities to challenge the tax consequences of legal arrangements and agreements implemented by taxpayers concerning, inter alia, the restructuring or reorganisation of a capital group.
The Group recognises and measures current and deferred income tax assets and/or liabilities using the requirements of IAS 12 Income Taxes, basing its calculation on profit (tax loss), tax base and tax rates and taking into account the assessment of uncertainties related to tax settlements.
The Gropu makes intensive efforts to reduce the degree of uncertainty in tax settlements by regular participation in training courses, by using the services of tax advisors and by applying for an individual interpretation to the tax authorities.

3 Financial risk management

The Group's operations are exposed to various types of financial risk: currency risk, cash flow and fair value risk as a result of interest rate changes, credit risk and liquidity risk.
Through the risk management program, the Group tries to minimize the effects of financial risk having a negative impact on the Group's financial results. The Group uses futures contracts in order to protect itself against certain threats.

Currency exchange risk

The Group conducts international operations and is exposed to the risk of changes in exchange rates of various currencies, especially the Euro. The risk of changes in exchange rates concerns future commercial transactions (sale of products and goods and purchase of goods and services) and recognised assets and liabilities. The risk of currency exchange rate changes occurs when future trade transactions, included assets and liabilities are expressed in a different currency than the functional currency of companies being part of the Group.
The Group hedges the net currency position using mainly cash resources (exchange of PLN into currency) and then forward contracts.
The conducted analyses do not indicate that the Group is significantly exposed to the risk of changes in exchange rates in relation to financial instruments. This is mainly due to the fact that the Group's currency exposure in this respect is highly balanced.

Moreover, within the Capital Group, the parent company granted long-term loans to its subsidiaries, the total value of which as at the balance sheet date was 1,800 thousand thousand. These loans form part of the parent's net investment in the foreign operation and are expressed in currencies other than the functional currency of the parent (which is the Polish zloty). In accordance with IAS 21, foreign exchange differences arising from translation of this loan, which arise in the separate financial statements of the parent company (from translation of the loan from EUR to PLN), are transferred to a separate equity item in the consolidated financial statements of the Group and presented in other comprehensive income.

If the Polish zloty had weakened/increased by 10% in relation to the EUR and EUR, with other parameters unchanged, exchange differences reported under a separate equity item in connection with the above loan would have increased/decreased the consolidated equity by PLN 831 thousand (in 2019 by PLN 1,006 thousand).

Risk of changes in cash flows and fair value due to changes in interest rates

Income and cash flows from the Group's operating and financing activities are not significantly exposed to the risk of interest rate changes.
The Group has no significant debt, the cost of which depends on the interest rate.
The Group's income calculated on the basis of the interest rate (WIBOR 3M) is income from interest on a loan granted to its parent company - ULMA C y E S. Coop. Taking into account that the risk of interest rates falling in relation to the current, historically lowest level is negligible, the Group is not afraid of the risk of a decrease in cash flows on this account.

Credit risk

Credit risk is associated with a potential credit event that may take the form of a contractor's insolvency, partial repayment, material default or other deviation from contractual terms.

Trade receivables and other receivables are the most exposed item to credit risk (Note 10).

The Group is not exposed to a significant concentration of risk due to credit sales. A relatively large number of recipients of the Group's services and goods makes it impossible to concentrate credit sales.
The share of none of the customers does not exceed 10% of total sales revenue.
In addition, the Group applies a policy that significantly limits the sale of services and goods to customers with an inadequate history of liability repayment. Introduced internal control procedures consisting, among other things, in setting credit limits for individual customers depending on the assessment of their financial condition and acceptance procedures for new customers allow the Group to significantly reduce the credit risk level.

Trade receivables in respect of which no impairment has been found constitute 45.5% of the gross value of this group of financial assets, of which 65.8% of the group's value are trade receivables that are not overdue (in 2019 these figures were 56.1% and 65.0% respectively).

The aging analysis of trade receivables is as follows: (In thousands PLN)

31 December 2020	Due amount <0	Due amount up to 30 days	Due amount from 31 to 90 days	Due amount from 91 to 180 days	Due amount from 181 to 360 days	Due amount from 360 days up	In total
Gross trade receivables	20,782	3,232	2,895	3,373	2,547	32,680	**65,509**
Write-offs for expected credit losses	(1,146)	(48)	(320)	(2,510)	(2,409)	(29,247)	**(35,680)**
Net trade receivables	**19,636**	**3,184**	**2,575**	**863**	**138**	**3,433**	**29,829**

31 December 2019	Due amount <0	Due amount up to 30 days	Due amount from 31 to 90 days	Due amount from 91 to 180 days	Due amount from 181 to 360 days	Due amount from 360 days up	In total
Gross trade receivables	34,092	7,357	4,721	3,995	2,254	36,027	**88,446**

Write-offs for expected credit losses	(1,442)	(90)	(955)	(2,467)	(1,650)	(32,250)	**(38,854)**
Net trade receivables	**32,650**	**7,267**	**3,766**	**1,528**	**604**	**3,777**	**49,592**

Value loss was found in the case of financial assets in the group of trade receivables and other receivables with the value of PLN 35,680 thousand, covering them with a write-off on expected credit losses. When determining the impairment of particular financial assets, the Group is guided by the individual assessment of each customer, including mainly the assessment of their financial standing and the collateral held. The Group uses mainly blank promissory notes and insurance of foreign receivables relating to the eastern markets as the basic means of securing the recovery of receivables.

With regard to trade receivables presented in the table above, which are over 90 days overdue, the Capital Gropu recovered as at the balance sheet date PLN 2 916thousand of VAT using the so-called VAT relief for bad debts, which is presented in trade liabilities and other liabilities.

The Capital Group has a concentration of credit risk related to receivables from granted loans.
As at the balance sheet date the amount of the loan granted to the parent company Ulma CyE S. Coop was PLN 20,000 thousand (in January 2021 the amount of the loan was increased to PLN 40,000 thousand).
The loan is secured by:
1) a promissory note with a promissory note declaration issued by the borrower,
2) an agreement on irrevocable purchase of the borrower's assets (shuttering and scaffolding) at an attractive discount, which is currently held by the lender on a lease basis. The offer to purchase the assets will only materialise if the borrower fails to repay the loan by the agreed date.
The loan was granted on market terms (fixed margin + WIBOR 1M) and its final repayment date was agreed by the parties as 31 July 2022.
Due to the collateral and the borrower's good financial standing, the Group's Management Board assesses the risk of non-repayment of the debt as low.

Liquidity risk

Liquidity risk management assumes maintaining an adequate level of cash, availability of funding through sufficient credit facilities and the ability to close market positions. The Group maintains sufficient cash resources to meet its maturing liabilities and ensures the possibility of financing through the credit lines granted.
All trade payables of the Group are due and payable within 3 months of the balance sheet date, except for the liabilities under the right of use (lease), for which the maturity structure is presented in note 16.

The table below shows the Group's financial liabilities as at 31 December 2020 and as at 31 December 2019 by maturity date based on contractual undiscounted payments.

31 December 2020	Interest-bearing credits and loans	Lease liabilities	Factoring related liabilities	Liabilities due to deliveries and services and other liabilities	In total
Up to 3 months	-	1,397	-	26,916	28,313
From 3 up to 12 months	-	2,580	-		2,580
From more than a year up to 5 years	-	4,013	-		4,013
More than 5 years	-	1,190	-		1,190
In total	**-**	**9,180**	**-**	**26,916**	**36,096**

31 December 2019	Interest-bearing credits and loans	Lease liabilities	Factoring related liabilities	Liabilities due to deliveries and services and other liabilities	In total
Up to 3 months	-	1,246	704	24,687	26,637
From 3 up to 12 months	-	2,705	-	-	2,705
From more than a year up to 5 years	-	5,442	-	-	5,442
More than 5 years	-	1,541	-	-	1,541
In total	**-**	**10,934**	**704**	**24,687**	**36,325**

Impact of the COVID-19 pandemic on the Group's results

The Group's activities on both the domestic and export markets are the result of the market situation, which is constantly influenced by ubiquitous uncertainty and mood swings.

The Management Board of the Capital Group anticipates that the current uncertain market situation may result, among other things, in a lack of interest on the part of customers in building their own material resources in the field of building formwork and scaffolding. This phenomenon may have a negative impact on the amount of the Capital Group's revenues in the "Building Materials Sales" segment, which was the driving force behind the total consolidated revenues during the previous year.

Moreover, the continuing uncertainty and poor market outlook for the development of the volume segment (both residential and non-residential) in subsequent periods does not inspire optimism. The Capital Group's revenues in the "Construction Services" segment remain under the influence of these negative market phenomena, and any intensification of the uncertainty of private investors as to their willingness to start new investments in this part of the construction market will increase the risk of downturn in the entire segment, which is in fact a significant driver of shuttering companies' operations. As a consequence, there may be enough price wars between the participants in the market, which will lead to a drop in generated revenues.

Working capital management

The working capital of individual companies of ULMA Construccion Polska S.A. Capital Group is managed at the Capital Group level. The main objectives of capital management are to ensure an appropriate level of operating liquidity and the ability to implement given companies of the Group's investment plans in accordance with the approved budgets so that the Group's operating activities contribute to increasing the value for its shareholders.
The Group manages its capital structure and, in response to changes in economic conditions, takes steps to modify it.
In order to maintain or correct the capital structure, the Group (with the consent of the parent company shareholders) may change the payment of dividends, return the capital to the shareholders or carry out a new issue of shares.

Dividend policy

The Group adopted dividend policy is also subordinated to the above mentioned objectives. Decisions to pay out dividends are each time preceded by an analysis of the current and development needs of each company and the Capital Group as a whole.

4 Information on business activity segments

Capital Group ULMA Construccion Polska S.A. distinguishes two basic segments in its business operations:

- construction site service - a segment that includes the rental of formwork and scaffolding systems along with broadly understood logistics service and construction settlement at the end of the contract,
- sales of building materials - a segment that includes the sale of formwork systems that are components of fixed assets (fixed assets) and turnover (products and goods) of the Group and other building materials.

The accounting principles applied in the operating segments are consistent with the Group's accounting policy. Organization and management of the ULMA Group is divided into segments taking into account the type of products and services offered. As a rule, ULMA Group settles transactions between segments as if they concerned unrelated entities - on market terms. When analysing the results of particular business segments, the management of the ULMA Group pays particular attention to the achieved EBITDA result (operating profit of the financial period and depreciation and amortization).

In the construction industry, to which the Capital Group's activity is related, there is seasonality. We can observe a decrease in the activity of construction companies in the winter months and an intensification of activity in the summer and autumn. Weather conditions also play an important role in a specific year.

The segment results are as follows:

THE YEAR ENDING ON 31 December 2020

Description of the item	Construction site services	Sales of building materials	Capital Group
Sales revenue in total	146,876	62,582	209,458
Internal sale	(2,026)	(16,789)	(18,815)
Sales revenues	**144,850**	**45,793**	**190,643**
Consolidated operating costs without depreciation	(95,702)	(42,202)	(137,904)
Internal turnover costs	173	17,370	17,543
Operating costs without depreciation	**(95,529)**	**(24,832)**	**(120,361)**
EBITDA	**49,321**	**20,961**	**70,282**

THE YEAR ENDING ON 31 DECEMBER 2019

Description of the item	Construction site services	Sales of building materials	Capital Group
Sales revenue in total	185,224	64,920	250,144
Internal sale	(1,915)	(18,863)	(20,778)
Sales revenues	**183,309**	**46,057**	**229,366**
Consolidated operating costs without depreciation	(102,134)	(39,761)	(141,895)
Internal turnover costs	510	14,183	14,693
Operating costs without depreciation	**(101,624)**	**(25,578)**	**(127,202)**
EBITDA	**81,686**	**20,478**	**102,164**

The reconciliation of profit at the operating level to the Group's net financial result is presented below.

	12 months of 2020	12 months of 2019
Profit at the EBITDA level	**70,282**	**102,164**
Depreciation	(44,723)	(43,115)
Interest income	735	1,123
Other financial income	1	-
Interest related costs	(591)	(816)
Other financial costs	(744)	(745)
Participation in the results of affiliates	(50)	475
Profit before tax	**24,910**	**59,086**
Income tax	(4,721)	(12,885)
Net profit	**20,189**	**46,201**

Assets allocated to individual segments are presented in the table below.

Description of the item	Construction site services	Sales of building materials	Items not assigned	Capital Group
As at 31 December 2020	199,102	10,910	180,680	390,692
As at 31 December 2019	213,739	14,031	165,402	393,172

Reconciliation of segment assets to the Group's total assets is presented below.

Description of the item	31 December 2020	31 months of 2019
Segment assets	210,012	227,770
Unallocated tangible fixed assets in total	72,983	85,072
Unallocated Intangible assets in total	261	229
Investments in the affiliate	2,211	2,261
Assets due to deferred tax	4,317	4,395
Assets due to right of use	11,108	12,615
Non-current assets classified as held for sale	8,590	-
Tax and other receivables	23,445	11,792
Derivative financial instruments	-	68
Cash and cash equivalents	57,765	48,970
Total Assets	**390,692**	**393,172**

Other receivables not allocated to segments include mainly receivables due to loans granted to related parties in the amount of PLN 20 000 thousand. (10 000 thousand PLN as at 31 December 2019).

The Group's revenue and fixed assets in geographical terms are as follows:

Description of the item	2020	2019
Domestic sales revenues	131,176	147,209
Foreign sales revenues	59,467	82,157
Sales revenue in total	**190,643**	**229,366**
Fixed assets - domestic	241,435	251,232
Fixed assets - foreign	15,668	17,476
Fixed assets in total	**257,103**	**268,708**

Group’s main foreign sales markets are: Ukraine, Kazakhstan, Canada and Spain.

5 Tangible fixed assets

Tangible fixed assets constituting buildings, machines and equipment used for production, delivery of products and provision of services or for management purposes, were measured as at the balance sheet date at purchase price or production cost, less accumulated depreciation and impairment losses.

Subsequent expenditure is included in the carrying amount of a given tangible asset or recognised as a separate tangible asset (where appropriate) only if it is probable that economic benefits will flow to the Group and the cost of a given item can be valued reliably. Subsequent expenditures which do not increase the initial value in use of a given fixed asset are charged to costs of the period in which they were incurred.

Land owned by the Group is disclosed at purchase price and is not subject to depreciation. Other fixed assets are depreciated using the straight-line method in order to distribute their initial value reduced by their residual value, if any, during their useful life for particular groups of types.

The applied periods of use for particular groups of generic fixed assets are as follows (in years):
- buildings and structures 25 - 40
- investments in third-party facilities 10
- machinery and technical equipment 3 - 20
- formwork systems 2 - 14
- equipment and other fixed assets 5

The residual value and useful lives of fixed assets are verified at each balance sheet date and adjusted if necessary.

If the carrying amount of a fixed asset exceeds its estimated recoverable amount, its carrying amount is reduced to its recoverable amount.

Gains and losses on the disposal of fixed assets are determined by comparing proceeds from the sale with their carrying amount and are included in the financial result.

The inventory of fixed assets included in the shuttering systems group is carried out annually, other fixed assets once every 4 years.

value loss of non-financial fixed assets

Fixed assets subject to depreciation are analysed for impairment if there are indications that the balance sheet value of owned tangible and intangible assets may not be realized. The amounts of revaluation write-offs determined as a result of the analysis (impairment test) decrease the balance sheet value of the asset to which they relate and are charged to costs of the period. Value loss is recognized in the amount by which the balance sheet value of a given asset exceeds its recoverable value. Recoverable value is the higher of two amounts: fair value less costs to sell and value in use (reflected by the current value of cash flows related to a given asset). For the purpose of impairment analysis, assets are grouped at the lowest level with respect to which there are separately identifiable cash flows (cash-generating units).
With respect to assets other than goodwill, value losses recognised in previous periods are assessed at the end of each reporting period to determine whether there is any indication of a decrease in value loss or a complete reversal of it. A value loss is reversed if, among other things, the estimates used to determine recoverable amount have changed. An impairment loss is reversed only up to the amount of the asset's initial value less depreciation charges that would have been recognised had no impairment loss been recognised.

Fixed assets movement table in 2020

	Land, buildings, structures	Technical devices, machines and means of transport	Formwork systems	Other fixed assets	Fixed assets in construction	Tangible fixed assets in total
GROSS VALUE						
As at 01 January 2020	**106,965**	**13,282**	**541,743**	**3,824**	**641**	**666,455**
Increases due to purchase	224	885	38,676	94	473	40,352
Increases - inventory surpluses, retraining	-	539	12,447	-	(433)	12,553
Decreases - sales	-	(37)	(30,239)	(40)	-	(30,316)
Decreases - liquidations, inventory shortages, requalification	(164)	(379)	(18,564)	(866)	-	(19,973)
Decreases–reclassified to ”Non-current assets classified as held for sale”	(8,590)	-	-	-	-	(8,590)
Exchange rate differences	(27)	(151)	(4,097)	(34)	(17)	(4,326)
As at 31 December 2020	**98,408**	**14,139**	**539,966**	**2,978**	**664**	**656,155**
CONSILIDATED DEPRECIATION						
As at 01 January 2020	**27,391**	**9,165**	**370,815**	**3,084**	**-**	**410,455**
Depreciation for the period	2,901	1,246	36,140	200		40,487
Decreases - sales	-	(35)	(23,928)	(12)		(23,975)
Decreases - liquidations, requalification	(45)	(54)	(15,474)	(513)		(16,086)
Exchange rate differences	(10)	(85)	(868)	(27)		(990)
As at 31 December 2020	**30,237**	**10,237**	**366,685**	**2,732**		**409,891**
AN UP-DATE WRITE-OFF					**-**	
As at 01 January 2020	**-**	**-**	**136**	**-**	**-**	**136**
Increases	**-**	**-**	**394**	**-**		**394**
Decreases	**-**	**-**	**-**	**-**	**-**	**-**
As at 31 December 2020	**-**	**-**	**530**	**-**		**530**
NET VALUE						
As at 01 January 2020	**79,574**	**4,117**	**170,792**	**740**	**641**	**255,864**
As at 31 December 2020	**68,171**	**3,902**	**172,751**	**246**	**664**	**245,734**

The decrease in the initial value in the "Land, buildings and structures" group due to reclassification to "Non-current assets classified as held for sale" is described in Note 28.

Fixed assets movement table in 2019

	Land, buildings, structures	Technical devices, machines and means of transport	Formwork systems	Other fixed assets	Fixed assets in construction	Tangible fixed assets in total
GROSS VALUE						
As at 31th December 2019	**106,625**	**12,191**	**545,093**	**3,212**	**193**	**667,314**
Increases due to purchase	335	1,206	54,648	620	637	57,446
Increases - inventory surpluses, retraining	-	-	18,429	-	(189)	18,240
Decreases - sales	-	(22)	(55,337)	-	-	(55,359)
Decreases - liquidations, inventory shortages, requalification	(8)	(209)	(25,752)	(48)	-	(26,017)
Exchange rate differences	13	116	4,662	40	-	4,831
As at 30th December 2019	**106,965**	**13,282**	**541,743**	**3,824**	**641**	**666,455**
CONSILIDATED DEPRECIATION						
As at 31th December 2019	**24,505**	**8,157**	**402,045**	**2,848**	**-**	**437,555**
Depreciation for the period	2,884	1,159	34,526	262	-	38,831
Decreases - sales	-	(12)	(46,831)	(12)	-	(46,855)
Decreases - liquidations, requalification	(3)	(194)	(20,538)	(41)	-	(20,776)
Exchange rate differences	5	55	1,613	27	-	1,700
As at 30th December 2019	**27,391**	**9,165**	**370,815**	**3,084**	**-**	**410,455**
AN UP-DATE WRITE-OFF					-	
As at 31th December 2019	-	-	**136**	-	-	**136**
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
As at 30th December 2019	-	-	**136**	-	-	**136**
NET VALUE						
As at 01 January 2019	**82,120**	**4,034**	**142,912**	**364**	**193**	**229,623**
As at 31 December 2019	**79,574**	**4,117**	**170,792**	**740**	**641**	**255,864**

The depreciation write-off for tangible fixed assets has increased:

Detailed list	12 months of 2020	12 months of 2019
Costs of products, goods and materials sold	39,796	38,224
Selling and marketing costs	5	5
General management costs	686	602
In total	**40,487**	**38,831**

As at 31 December 2018, the result of the analysis was found to be evidence of impairment of tangible fixed assets in the shuttering group and it was decided to open a revaluation allowance of 136 thousand PLN. It was decided to leave the created revaluation write-off as at 31 December 2019.

6 Intangible assets

Software

Purchased software licenses are activated in the amount of costs incurred for their purchase and preparation for use of specific software. Activated costs are written off over the estimated useful life of the software 2-5 years.

Table of movements of value of intangible assets in 2020

	Licenses and software	Other	Intangible assets in total
GROSS VALUE			
As at 01 January 2020	**5,150**	**37**	**5,187**
Increases	232	-	232
Decreases - liquidation	-	-	-
Exchange rate differences	(15)	-	(15)
As at 31 December 2020	**5,367**	**37**	**5,404**
CONSILIDATED DEPRECIATION			
As at 01 January 2020	**4,921**	**37**	**4,958**
Depreciation for the period	188	-	188
Decreases - liquidation	-	-	-
Exchange rate differences	(3)	-	(3)
As at 31 December 2020	**5,106**	**37**	**5,143**
NET VALUE			
As at 01 January 2020	**229**	**0**	**229**
As at 31 December 2020	**261**	**0**	**261**

Table of movements of value of intangible assets in 2019

	Licenses and software	Other	Intangible assets in total
GROSS VALUE			
As at 31th December 2019	**4,955**	**37**	**4,992**
Increases	178	-	178
Decreases - liquidation	-	-	-
Exchange rate differences	17	-	17
As at 30th December 2019	**5,150**	**37**	**5,187**
CONSILIDATED DEPRECIATION			
As at 31th December 2019	**4,729**	**37**	**4,766**
Depreciation for the period	191	-	191
Decreases - liquidation	-	-	-
Exchange rate differences	1	-	1
As at 30th December 2019	**4,921**	**37**	**4,958**
NET VALUE			
As at 01 January 2019	**226**	**0**	**226**
As at 31 December 2019	**229**	**0**	**229**

Depreciation write-off for intangible assets has increased:

Detailed list	12 months of 2020	12 months of 2019
Costs of products, goods and materials sold	12	7
Selling and marketing costs	-	-
General management costs	176	184
In total	**188**	**191**

7 Financial instruments.

Classification of financial assets

Financial assets are classified into the following valuation categories:
- valuation according to depreciated cost,
- valuation at fair value through financial results.
- valuation at fair value through other total profits.

An entity classifies a financial asset based on the entity's business model for the management of financial assets and characteristics of the cash flows resulting from a cash flow contract for an element of the financial assets (the so-called "SPPI") An entity reclassifies investments in debt instruments if, and only if, the management model for these assets is changed.

Valuation at initial recognition

With the exception of certain trade receivables, at the time of initial recognition, an entity values a financial asset at its fair value which, in the case of financial assets not valued at fair value through profit or loss, is increased by transaction costs that can be directly attributed to the purchase of these financial assets.

Derecognition

Financial assets are derecognised from the books when:
- The rights to obtain cash flows from financial assets have expired, or
- The rights to obtain cash flows from financial assets have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Valuation at initial recognition

For valuation purposes after initial recognition, financial assets are classified into one of four categories:
- Debt instruments valued at amortised cost,
- Debt instruments valued at fair value through other comprehensive income,
- Equity instruments valued at fair value through other comprehensive income,
- Financial assets are valued at fair value through financial results.

Debt instruments - financial assets valued at amortised cost

A financial asset is valued at amortised cost if both of the following conditions are met:
a) the financial asset is held in accordance with a business model that is designed to hold financial assets to earn contractual cash flows, and

b) the terms of the agreement relating to the financial asset give rise to cash flows on specified dates that are merely the repayment of principal and interest on the principal outstanding.

The Group classifies financial assets valued at amortized cost as financial assets:

- trade receivables,
- loans meeting the SPPI classification test, which according to the business model are reported as held for cash flow,
- cash and cash equivalents.

Interest income is calculated using the effective interest rate method and disclosed in the profit and loss account/ statement of comprehensive income under "Financial income".

Debt instruments - financial assets at fair value through other comprehensive income

A financial asset is valued at fair value through other comprehensive income if both of the following conditions are met:

a) the financial asset is held in accordance with a business model that aims at both receiving contractual cash flows and selling the financial asset; and
b) the terms of the agreement relating to the financial asset give rise to cash flows on specified dates that are merely the repayment of principal and interest on the principal outstanding.

Interest income, foreign exchange differences and impairment gains and losses are recognised in the financial result and calculated in the same way as financial assets valued at amortised cost. Other changes in fair value are recognised in other comprehensive income. At the moment of discontinuing the recognition of a financial asset, the total profit or loss previously recognised in other comprehensive income is reclassified from the equity item to the financial result.

Interest income is calculated using the effective interest rate method and disclosed in the profit and loss account/ statement of comprehensive income under "Financial income"..

The Group does not have a category of debt instruments valued to fair value by other comprehensive income.

Equity instruments - financial assets at fair value through other comprehensive income

At the time of initial recognition, the Group the recognition in other comprehensive income of subsequent changes in the fair value of an investment in an equity instrument which is neither held for trading nor a contingent consideration recognised by the acquirer in a business combination to which IFRS 3 applies. This choice shall be made separately for each equity instrument. A cumulative gain or loss previously recognised in other comprehensive income shall not be reclassified to profit or loss. Dividends are recognised in profit or loss/ statement of comprehensive income when an entity's entitlement to receive a dividend arises, unless the dividends are clearly a recovery of part of the investment costs.

The Group does not have a category of equity instruments valued to fair value through other comprehensive income.

Financial assets valued at fair value through trough financial results.

A financial asset that does not meet the criteria for valuation at amortised cost or fair value through other comprehensive income is valued at fair value through profit or loss.

Profit or loss on the valuation of debt investments at fair value is recognized in the financial result.

Dividends are recognised in the profit and loss account/ statement of comprehensive income when the entity's right to receive a dividend arises.

The Group classifies unlisted equity instruments other than shares in associates measured by the equity method and derivatives into the category of equity instruments measured at fair value through profit or loss.
In a situation where the Group:

- has a valid legal title to set off the recognised amounts and
- intends to settle on a net basis or realise the asset and settle the liability simultaneously

The financial asset and the financial liability are offset and presented in the statement of financial position on a net basis.
The framework agreement described in IAS 32.50 does not provide a basis for offsetting if both criteria described above are not met.

Value loss of financial assets

The Group assesses expected credit losses ("ECL") related to debt instruments measured at amortised cost and fair value through other comprehensive income, regardless of whether there is any indication of impairment.
In the case of trade receivables, the Group applies a simplified approach and measures the write-off for expected credit losses in the amount equal to the expected credit losses over the whole life using the reserve matrix. The Group uses its historical data on credit losses, adjusted, where applicable, for the impact of future information.
Other receivables belonging to the group: debt collection, court, bankruptcy, enforcement are not of homogeneous nature, therefore the Company analyses each balance individually for impairment. If there is any indication that they are not recoverable, the Group recognises a write-down for expected credit losses in the amount resulting from the estimates. The amount of the write-down corresponds to the difference between the book value and the present value of expected future cash flows, discounted at the original effective interest rate. Changes in the value of write-offs for expected credit losses are charged to the financial result, to other operating costs, in the period in which the change occurs.

In the case of other financial assets, the Group valuates the write-off for expected credit losses in the amount equal to 12-month expected credit losses. If credit risk related

with a given financial instrument has significantly increased since the initial recognition, the Group valuates the write-off for expected credit losses from a financial instrument in the amount equal to expected credit losses throughout the credit's whole life.
The Group estimates that the credit risk associated with a given financial instrument has significantly increased since the date of its initial recognition in case the delay in repayment exceeds 30 days.
At the same time, the Group estimates that a default occurs if the delay in payment exceeds 90 days

The table below presents a comparison of carrying amounts and fair values of all the Group's financial instruments, broken down by individual classes and categories of assets and liabilities

	31 December 2020			31 December 2019		
	Balance sheet	Fair value		Balance sheet	Fair value	Fair value hieratchy
Debt instruments valued at amortised cost,						
Cash	57,765	57,765		48,970	48,970	Item. 1
Trade receivables	32,293	32,293		50,687	50,687	Item. 3
Loans granted	20,000	20,000		10,000	10,000	Item. 3
Derivatives						

Financial instruments valued at fair value through trough financial results.	-	-	68	68	Item. 2
Financial liabilities valued at amortised cost,					
Liabilities due to factoring of trade liabilities	-	-	704	704	Item. 3
Trade payables and other liabilities	22,172	22,172	24,687	24,687	Item. 3
Financial instruments valued at fair value through trough financial results.	54	54	-	-	Item. 2

According to the Group's assessment, the fair value of cash, receivables and loans granted, financial liabilities and other liabilities does not differ materially from their carrying values mainly due to their short maturity.
In the period ended 31 December 2020, nor in the period ended 31 December 2019, there were no shifts between level 1 and level 2 of the fair value hierarchy, nor were any of the instruments moved from/to level 3 of the fair value hierarchy.

8 Shares in affiliates

Name (business name) of the entity, indicating the legal form	Registered Seat	Business Object	Balance sheet value of shares	percentage of the owned share capital
ULMA Cofraje S.R.L.	Bucharest Romania	sale and lease of formwork, sale of building materials	2,211	30.00

Basic data on the affiliate entity

	31 December 2020	31 December
Fixed assets	10,708	12,967
Current assets	8,282	8,827
Equity	8,232	7,890
Long-term liabilities	1,681	1,855
Short-term liabilities	9,077	12,049
Sales revenues	15,102	14,946
Net financial result	(165)	1,583

The share of ULMA Construccion Polska S.A. in the negative financial result of the associated company for 2020 was PLN 50 thousand.

9 Assets due to right of use

The Group has lease agreements concerning real estate, passenger cars and forklift trucks.

Following the adoption of IFRS 16, the Group applied a single approach to recognition and measurement for all lease agreements of which it is a lessee, except for short-term lease and lease of low-value assets. The Group recognized lease liabilities and assets under the right of use.

Assets due to right of use

The Group recognises assets under the right of use at the date of commencement of the lease (i.e. the date when the underlying asset is available for use). Use right assets are measured at cost less accumulated depreciation and impairment losses, adjusted for any revaluation of lease liabilities. The cost of assets due to right of use includes the amount of the recognised lease liability, the initial direct costs incurred and any lease payments made at or before the commencement date, less any incentive received for the lease. Unless the Group has reasonable assurance that it will obtain ownership of the leased asset at the end of the lease term, the recognised useful life asset is depreciated on a straight-line basis over the shorter of the estimated useful life or the lease term. The assets due to right of use can be impaired for value.

Short-term leases and leases of low-value assets

The Group applies the exemption from the recognition of short-term leasing to its short-term passenger car lease agreements (i.e. agreements whose lease term is 12 months or less from the date of commencement and does not include a call option). The Group also applies the exemption from recognising leases of low-value assets with respect to leases of office equipment and workshop tools of low value. Lease payments under short-term lease and low value assets lease are recognized as costs on a straight-line basis over the lease term.

Taking into account the fact that the lease is not enforceable (point B34 in IFRS 16), the Group did not classify the lease agreements of other real estate (premises) as lease agreements within the meaning of IFRS 16.

The item includes the carrying value of assets under the right of use, which the Group accepted as a result of implementation of IFRS 16 Leasing as of 1 January 2019.

Table of changes in the value of assets under the right of use for the period from 1 January to 31 December 2020.

	Real estate	Means of transport	Forklifts	In total
GROSS VALUE				
As at 01 January 2020	**12,009**	**2,470**	**1,662**	**16,141**
Increases - change of payment	44	-	-	44
Increases - new leasing objects	-	895	1,642	2,537
Decreases - ending a leasing contract	-	(371)	-	(371)
As at 31 December 2020	**12,053**	**2,994**	**3,304**	**18,351**
CONSILIDATED DEPRECIATION				
As at 01 January 2020	**2,108**	**702**	**716**	**3,526**
Depreciation for the period	2,136	853	1,059	4,048
Decreases - ending a leasing contract	-	(331)	-	(331)
As at 31 December 2020	**4,244**	**1,224**	**1,775**	**7,243**
NET VALUE				
As at 01 January 2020	**9,901**	**1,768**	**946**	**12,615**
As at 31 December 2020	**7,809**	**1,770**	**1,529**	**11,108**

Table of changes in the value of other fixed assets and assets under the right of use for the period from 1 January to 31 December 2019.

	Real estate	Means of transport	Forklifts	In total
GROSS VALUE				
As at 31th December 2019	**11,714**	**1,318**	**2,091**	**15,123**
Increases - change of payment	295	-	-	295
Increases - new leasing objects	-	1,317	-	1,317

Decreases - ending a leasing contract	-	(165)	(429)	(594)
As at 30th December 2019	**12,009**	**2,470**	**1,662**	**16,141**
CONSILIDATED DEPRECIATION				
As at 31th December 2019	**-**	**-**	**-**	**-**
Depreciation for the period	2,108	841	1,144	4,093
Decreases - ending a leasing contract	-	(139)	(428)	(567)
As at 30th December 2019	**2,108**	**702**	**716**	**3,526**
NET VALUE				
As at 01 January 2019	**11,714**	**1,318**	**2,091**	**15,123**
As at 31 December 2019	**9,901**	**1,768**	**946**	**12,615**

10 Trade receivables and other receivables

Trade receivables are initially recognised at fair value corresponding to the nominal value and then valued at amortised cost using the effective interest rate and reduced by write-offs for expected credit losses.
Receivables from NORMA Group are subject to the procedure of estimating expected credit loss in accordance with IFRS 9.
Other receivables belonging to the group: debt collection, court, bankruptcy, enforcement are not of homogeneous nature, therefore the Company analyses each balance individually for impairment. If there is any indication that they are not recoverable, the Group recognises a write-down for expected credit losses in the amount resulting from the estimates. The amount of the write-down corresponds to the difference between the book value and the present value of expected future cash flows, discounted at the original effective interest rate. Changes in the value of write-offs for expected credit losses the value of trade receivables are charged to the financial result, to other operating costs, in the period in which the change occurs.

The Group adopted a principle according to which amounts of VAT recovered due to non-payment of receivables within 90 days from the payment date are disclosed in the balance sheet item "Tax and other liabilities".

	As at:	
	31 December 2020	31 December 2019
Trade receivables from non-related parties	62,850	72,264
Write-off for expected credit losses	(35,680)	(38,854)
Net trade receivables	*27,170*	*33,410*
Other receivables	2,251	622
Write-off for expected credit losses	(266)	-
Other net receivables	*1,985*	*622*
Prepayments and accruals - active	479	473
Trade receivables from related parties	2,659	16,182
Receivables due to loan	20,000	10,000
Total trade receivables and other receivables	**52,293**	**60,687**
including:		
Long-term	20,000	-
Short-term	32,293	60,687

Based on the analyses carried out, the Group assessed that the carrying amount of individual receivables presented in this consolidated financial statement is similar to their fair values.

There is no concentration of credit risk on trade receivables as the Group has a large number of customers.

The net value of write-offs for expected credit losses increased by the amounts of written off receivables in the total amount of 1,450 thousand PLN (4 963 thousand PLN in 2019) was recognised in other operating costs in the consolidated profit and loss account.

The change in the balance of write-offs for expected credit losses in relation to trade receivables and other receivables is as follows:

	12 months of 2020	12 months of 2019
Opening balance	**38,854**	**38,599**
Increases– Write-offs for expected credit losses	7,229	6,640
Use-up	(5,740)	(5,336)
Correction of the previous write-off	(2,482)	(1,751)
Exchange rate differences	(1,915)	702
Closing balance	**35,946**	**38,854**

All write-offs on expected credit losses apply to short-term receivables.

11 Inventory

Inventories of raw materials, materials and purchased goods are valued as at the balance sheet date at the lower of the following two values: purchase price or net realisable sales price.

The net selling price is the selling price in the normal course of business, less the estimated costs of completion and the variable costs necessary to make the sale.

The valuation of inventory outflows is made in accordance with the first-in, first-out principle (FIFO).
Where necessary, write-downs are made for obsolete, non-transferable and defective inventories.

	As at:	
	31 December 2020	31 December 2019
Materials	4,066	3,075
Goods	3,769	4,652
Net inventory value	**7,835**	**7,727**
Updating write-off of inventory value	(403)	(340)
Net inventory value	**7,432**	**7,387**

12 Cash and cash equivalents

Cash and cash equivalents are recognised in the statement of financial position at the fair value corresponding to their nominal value. They comprise cash at hand and cash at bank, other short-term highly liquid investments with an original maturity of three months or less.
The cash balance shown in the cash flow statement consists of cash and cash equivalents as specified above, less overdraft facilities that have not been repaid.
Loans in the current account in the statement of financial position are disclosed under liabilities - short-term credits and loans.

	As at:	
	31 December 2020	31 December 2019
Cash on hand and in bank	51,545	48,970

Short-term bank deposits	6,220	
Total cash including:	**57,765**	**48,970**
Restricted cash, including:	936	875
- ZFŚS cash	131	205
- Cash on VAT accounts	805	670

In accordance with the Group's judgment, the restrictions on the disposal of cash in VAT accounts resulting from the tax regulations on the split payment mechanism do not affect their classification as cash and cash equivalents as the Company uses them on an ongoing basis to settle its current liabilities.

For the purposes of the cash flow statement, cash and overdraft facilities include:

	As at:	
	31 December 2020	31 December 2019
Cash and cash equivalents	57,765	48,970
Overdraft (note 15)	-	-
Cash and cash equivalents shown in the cash flow statement	**57,765**	**48,970**

13 Share Capital and supplementary capital

Ordinary shares are classified as equity. The share capital is shown at the nominal value of shares.

The supplementary capital was created from the surplus of the issue value of the Company's shares over their nominal value in the amount of PLN 116 473 thousand, which was reduced by the costs of issuing shares in the amount of PLN 1 483 thousand.

The item of the statement of financial position "Retained earnings" includes statutory write-offs from profits generated in previous years in the amount of one third of the share capital of the parent company in the amount of PLN 3 504 thousand, as well as the surplus from profit distribution over the statutory required write-off. These amounts constitute the Group's supplementary capital. The item "Retained earnings" also includes the financial result made by the Group in the current fiscal year.

A separate item of equity includes exchange rate differences resulting from the translation of the financial statements of foreign entities into the presentation currency and exchange rate differences resulting from net investment in the foreign entity.

	Number of shares	**Nominal share value**	**Surplus from the sale of shares above par value**	**In total**
As at 31th December 2019	**5,255,632**	**10,511**	**114,990**	**125,501**
- Increases	-	-	-	-
- Decreases	-	-	-	-
As at 30th December 2019	**5,255,632**	**10,511**	**114,990**	**125,501**
- Increases	-	-	-	-
- Decreases	-	-	-	-

As at 31 December 2020	5 255 632	10,511	114,990	125,501

All shares are ordinary bearer shares with a nominal value of PLN 2.00. All shares are paid for.

As at 31 December 2020, the Company's shareholder structure is as follows:

	Share capital		Votes at GSM	
	Number of shares	%	Number of votes	%
ULMA CyE, S. Coop	3,967,290	75.49	3,967,290	75.49
TFI Quercus S.A.	323,726	6.16	323,726	6.16
Dispersed shareholders	964,616	18.35	964,616	18.35
In total	**5,255,632**	100.00	**5,255,632**	100.00

14 Trade payables and other liabilities

In the item of the statement of financial position "Trade payables and other liabilities" are shown by the Group:

- estimated, in a reliable manner, values of costs incurred in the given reporting period, not invoiced by suppliers until the balance sheet date.
- liabilities under the contract - accrued income settlements, including in particular the equivalent of funds received or due from contractors for services to be provided in the following reporting periods.

	As at:	
	31 December 2020	31 December 2019
Trade liabilities to unrelated parties	16,556	17,382
Trade liabilities to related parties	625	1,267
Tax and other liabilities	4,745	5,888
Accruals of (passive costs)	3,537	3,636
Contractual liabilities	850	1,660
Other liabilities	603	742
Total Trade liabilities and other liabilities	**26,916**	**30,575**
Including		
Long-term	-	-
Short-term	26,916	30,575

All trade and other liabilities are due within 3 months of the balance sheet date.

In 2015. The Company entered into a factoring agreement with mBank, under which the Company's trade liabilities towards selected suppliers are paid by the bank within 14 days of the date of the invoice issued by the supplier. The deadline for payment to the bank is 75 days from the date of payment by the bank of liabilities to the supplier. Due to the expiry of the aforementioned factoring agreement, as at 31 December 2020, the Company's liabilities towards the bank under this agreement do not exist and as at 31 December 2019 amounted to PLN 704 thousand. This amount was disclosed in the consolidated statement of financial position under Short-term liabilities due to factoring of trade liabilities.

15 Credits and loans

Credits and loans are initially recognised at fair value less transaction costs incurred. In subsequent periods, these loans and borrowings are valued at adjusted purchase price (amortised cost), using the effective interest rate.
Credits and loans are classified as short-term liabilities, unless the Group has an unconditional right to defer payment of the liability for at least 12 months from the balance sheet date.

16 Liabilities due to the right of use (leasing)

Lease agreements in accordance with IFRS 16 include lease of a fleet of passenger cars and forklift trucks, lease of the Logistics Centre in Gdańsk and the square in Warsaw at Klasyków Street, perpetual usufruct of land in Jaworzno.

Lease liabilities

At the date of commencement of the lease, the Group measures the lease liabilities at the present value of the lease payments outstanding at that date. Lease payments include fixed payments (including substantially fixed lease payments) less any applicable lease incentives, variable payments that depend on an index or rate and amounts expected to be paid within the guaranteed residual value. Lease payments also include the price at which the call option is exercised if it can be assumed with reasonable certainty that it will be exercised by the Group and the payment of fines for the termination of the lease if the terms of the lease provide for the Group to terminate the lease. Variable lease payments, which do not depend on an index or rate, are recognized as costs in the period in which the event or condition causing payment occurs.

When calculating the present value of the lease payments, the Group uses the lessee's incremental interest rate at the commencement of the lease if the interest rate of the lease cannot be easily determined. After the commencement date the amount of the lease liability is increased to reflect interest and reduced by the lease payments made. In addition, the carrying amount of the lease liabilities is remeasured in the event of a change in the lease term, a change in substantially fixed lease payments or a change in judgement about purchasing the underlying assets.

The discounted lease liabilities as at 31 December 2020 are as follows:

Liabilities due within the period:		Real estate leasing	Passenger car leasing	Forklift truck leasing		Total lease liabilities
Up to 3 months		768	195	283		1,246
From 3 up to 12 months		1,428	527	340		2,295
From more than a year up to 5 years		1,552	1,086	944		3,582
More than 5 years		506	-	-		506
In total		**4,254**	**1,808**	**1,567**		**7,629**

The discounted lease liabilities as at 31 December 2019 are as follows:

Liabilities due within the period:		Real estate leasing	Passenger car leasing	Forklift truck leasing		Total lease liabilities
Up to 3 months		736	186	180		1,102
From 3 up to 12 months		1,331	520	551		2,402
From more than a year up to 5 years		3,410	1,089	228		4,727
More than 5 years		744	-	-		744
In total		**6,221**	**1,795**	**959**		**8,975**

In the year ended 31 December 2020, the Group incurred costs related to short-term leases and low value assets in the amount of PLN 2,841 thousand. There were no costs of variable lease payments, not included in the valuation of lease liabilities.

17 Deferred income tax

Deferred income tax assets and liabilities resulting from temporary differences between the tax value of assets and liabilities and their carrying amount in the consolidated financial statement are recognised using the balance sheet method. However, if the deferred income tax arose from the initial recognition of an asset or liability in a transaction other than a business combination which affects neither the financial result nor the tax income (loss), it is not recognised. Deferred income tax is determined using tax rates (and laws) that are legally or actually in force as at the balance sheet date and are expected to apply when the relevant deferred tax asset is realized or the deferred tax liability is settled.

Deferred income tax assets are recognised if it is probable that taxable profit will be available against which the temporary differences can be utilised in the future.
Deferred income tax assets and provisions are offset if there is a legally enforceable right to offset current tax assets and liabilities.
The Capital Group is able to control the dates of reversal of all temporary differences concerning investments in subsidiaries, branches and associates and investments in joint ventures, in relation to which deferred tax was not recognised, and it is probable that these temporary differences will not reverse in the foreseeable future.

	As at:	
	31 December 2020	31 December 2019
Assets due to deferred income tax:	6,381	6,411
Provision for deferred income tax:	(10,723)	(8,460)
Compensation	2,064	2,016
Balance sheet value of an asset due to deferred income tax	4,317	4,395
Balance sheet provision due to deferred income tax	(8,659)	(6,444)

Deferred tax assets and liabilities in the consolidated statement of financial position as at 31 December 2020 were shown in amounts resulting from the offsetting of assets and liabilities at the level of each company in the Group.

Changes in deferred tax assets and liabilities during the year (before offsetting within one legal jurisdiction) are as follows:

	Statement of financial position		Profit and loss account	
	2020	2019	2020	2019
Provision due to deferred tax				
Tax depreciation	10,627	8,248	(2,379)	(1,731)
Unrealised foreign exchange differences	23	7	(16)	-
Other	73	205	132	(205)
In total	**10,723**	**8,460**	**(2,263)**	**(1,936)**
Assets due to deferred tax				

Valuation of the tangible fixed assets	2,524	2,700	(176)	559
Write-offs for expected credit losses	2,887	2,683	204	274
Provisions for costs	970	1,007	(37)	(135)
Unrealised foreign exchange differences	-	21	(21)	21
Exchange rate differences from the translation of balance			207	(122)
In total	**6,381**	**6,411**	**177**	**597**
(Charge)/recognition due to deferred income tax			**(2,086)**	**(1,339)**

18 Liabilities due to retirement benefits

Retirement severance pay

Retirement severance pay benefits are payable if the employee acquires the right to a retirement benefit in accordance with the Labour Code. The amount of the retirement severance pay due to an employee who acquires pension rights is calculated in the amount of additional remuneration for one month.
The Group creates a provision for future liabilities for post-employment benefits in order to allocate costs to the periods to which they relate. The provision is created as operating expenses in amounts corresponding to the acquisition of future rights by current employees. The present value of these liabilities is calculated by an independent actuary.
Actuarial gains and losses resulting from changes in actuarial assumptions (including changes in discount rate) and ex post actuarial adjustments are recognized in other comprehensive income.
The basis for calculating the provision for an employee is the expected amount of retirement severance pay or disability severance pay that the Group undertakes to pay out under the Regulations.
The expected severance pay amount is calculated as a product of the following factors:

- The expected amount of the retirement or disability severance pay base,
- Expected increase in the base of the dimension until retirement age,
- A percentage based on seniority.

The amount calculated in this way is actuarially discounted at the balance sheet date. The actuarial discount is the product of the financial discount and the probability of a person's survival to retirement age as an employee of the Group.

	As at:	
	31 December 2020	31 December 2019
Liabilities recognised in the statement of financial position due to:		
Pension benefits	372	300
In total	**372**	**300**

Change of balance sheet liability status

	12 months 2020	12 months 2019
Provision for retirement benefits at the beginning of the period	300	246
Current employment cost	28	19
Interest cost	6	8

Actuarial gains and losses, net	38	27
Benefits paid-up	-	-
Provision for retirement benefits at the end of the period	**372**	**300**

19 Sales revenues

In accordance with IFRS 15, revenue is recognised in the amount of remuneration that the Group expects to receive in exchange for the delivery of the promised goods or services to the customer.

The Group applies IFRS 15 with a 5-step model:

- **Identification of the contract with the customer**

A customer contract meets its definition when all the following criteria are met:

- The parties have concluded a contract and are obliged to perform their duties,
- The Group is able to identify the rights of each party regarding the goods or services to be transferred,
- The Group is able to identify the terms of payment for the goods or services to be transferred,
- The agreement has economic content and it is likely that the Group will receive the remuneration to which it will be entitled in exchange for goods or services that will be provided to the customer.

- **Identification of performance obligations**

At the time of concluding the contract, the Group assesses the goods or services promised in the contract with the customer and identifies as an obligation to perform each promise to provide the customer with a separately identifiable good or service or groups of separate goods or services which are substantially the same and where the provision to the customer is of the same nature.

- **Determination of the transaction price**

In order to determine the transaction price, the Group takes into account the conditions of a given contract and customary trade practices applied by the Company. Transaction price is the value of remuneration, which, according to the Group's expectation, will be entitled to it in exchange for the transfer of promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, VAT). The remuneration agreed in the contract with the customer may include fixed amounts, variable amounts or both.

- **Allocation of the transaction price to particular obligations to perform**

The Group assigns a transaction price to each obligation to perform a performance (or to a separate good or service) in an amount that reflects the amount of remuneration that the Group expects to receive in exchange for the delivery of the promised goods or services to the customer.

- **Recognition of income when the obligations to perform are met**

The Group recognizes income at the moment of fulfilment (or in the course of fulfilment) of an obligation to perform a service through the delivery of the promised good or service (i.e. an asset component) to the customer who obtains control over this asset component. Income is recognized as amounts equal to the transaction price that has been allocated to a given obligation to perform the performance. The Group transfers control over the good or service as time passes and thus fulfils the obligation to perform the performance, and recognises income as time passes if one of the following conditions is met:

- The customer simultaneously receives and derives benefits from the performance as it is performed,
- As a result of the performance of the service, an asset is created or improved, and control over that asset is exercised by the customer as it arises or is improved,

- As a result of the performance of the performance, no component with an alternative use for the Group arises and the Group has an enforceable right to pay for the performance to date.

Revenues from the sale of services concern mainly services of lease of shuttering systems settled on the basis of daily rates. Revenues on this account as revenues from services provided in time are recognized on a monthly basis.
Revenues from the provision of other services - assembly, transport, repair - are recognized at one time.

The Group in the vast majority of cases applies a 30-day payment period calculated from the date of issuing the invoice or from the date of receiving the invoice by the customer.

	12 months 2020	12 months 2019
Sales revenue from construction site support	144,841	183,309
Revenues from sales of goods and construction materials	45,802	46,057
Sales revenue in total	**190,643**	**229,366**

- construction site service - a segment that includes the rental of formwork and scaffolding systems along with broadly understood logistics service and construction settlement at the end of the contract,
- sales of building materials - a segment that includes the sale of formwork systems that are components of fixed assets (fixed assets) and turnover (products and goods) of the Group and other building materials.

Revenues from sales in geographical terms are as follows:

Description of the item	12 months of 2020	12 months of 2019
Domestic sales revenues	131,176	147,209
Foreign sales revenues	59,467	82,157
Sales revenue in total	**190,643**	**229,366**

Revenue from sales to the entity controlling the Capital Group ULMA Construccion Polska S.A. in the 12-month period ended 31 December 2020 amounted to PLN 1,905 thousand (in 2019 - PLN 11,164 thousand).

20 Costs by type

	12 months 2020	12 months 2019
Depreciation of tangible, intangible assets and assets due to the rights of use	44,723	43,115
Employee benefits cost (note 20 a)	42,434	43,666
Use-up of resources, auxiliary materials and energy	11,798	12,969
Transport services	14,578	12,283
Rental and lease services	6,082	5,563
Renovation and maintenance works	6,452	7,171
Installation and construction services	574	597
Other services	13,633	14,372
Other costs	5,189	6,604
Value of products and materials sold	19,792	20,511
Costs by type In total, including:	**165,255**	**166,851**
Costs of benefits for own use	110	116
Costs of products, goods and materials sold	145,724	144,648
Selling and marketing costs	1,342	2,478
Management costs	18,079	19,609

20 a) Employee benefits costs		
Salary costs and costs of termination benefits	34,858	36,124
Costs of social insurance and benefits for employees	7,576	7,542
Total employee benefits costs	**42,434**	**43,666**

21 Other income and operational*costs*

21 a) Other operational income	12 months of 2020	12 months of 2019
Inventory surpluses	383	450
Gains on change in fair value of futures contracts	-	68
Compensations received - lost components of tangible and current assets	3	14
Sale and recovery of property, plant and equipment	1,052	49
Re-invoicing	357	339
Liabilities written off	110	402
Reimbursed process costs	4	8
Subsidies received	373	
Other income	106	51
Other operational income in total	**2,388**	**1,381**

Other income in 2020 includes the amount of PLN 362 thousand due to the received benefit for job protection from the funds of the FGŚP for subsidizing the salary of employees subject to reduced working hours following the occurrence of COVID-19 and the amount of PLN 11 thousand due to the received subsidy related to the increase in electricity prices in the third and fourth quarter of 2019.

21 b) Other operational costs	12 months 2020	12 months 2019
Change in write-downs for expected credit losses and written off receivables	(1,450)	(4,963)
Loses on change in fair value of futures contracts	(222)	-
A write-off updating the value of tangible fixed assets	(474)	-
Updating write-off of inventory value	(69)	-
Other operating costs	(112)	-
Other operational income in total	**(2,327)**	**(4,963)**

22 Financial income and costs

Financial income and costs

Financial income includes interest income related to funds invested by the Group, due dividends, gains on change in fair value of financial instruments measured by the financial result, gains related to hedging instruments, which are recognized in the current period's profit or loss. Interest income is recognized in the current period's profit or loss on an accrual basis, using the effective interest rate method.

Dividend is recognized in profit or loss of the current period as at the date when the Group acquires the right to receive it.

Financial expenses include interest expenses related to external financing, losses on the sale of financial assets, losses on changes in the fair value of financial instruments measured at fair value through profit or loss, impairment losses on financial assets (other than trade receivables) and losses on hedging instruments, which are recognised in profit or loss.

Borrowing costs not directly attributable to the acquisition, production or construction of specific assets are recognised in profit or loss using the effective interest rate method.

Foreign exchange gains and losses are disclosed in the net amount as financial income or financial costs, depending on their total net position.

22 a) Financial income	12 months 2020	12 months 2019
Interest on cash in bank account	392	591
Interest due to loan granted	343	532
Other financial income	1	-
Total financial income	**736**	**1,123**

22 b) Financial costs		
Interest costs		
- bank loans	-	(78)
- right of use (leasing)	(578)	(703)
-other - due to delay in payment of liabilities	(13)	(35)
Total interest costs	**(591)**	**(816)**
Exchange rate differences	(744)	(745)
Total financial costs	**(1,335)**	**(1,561)**

22 (c) Exchange rate gains/losses

The impact of exchange rate differences on the financial result of ULMA Construccion Polska S.A. Group is presented below:

	12 months 2020	12 months 2019
Sales revenues	421	(149)
Costs of products, goods and materials sold	346	(55)
Financial costs	(744)	(745)
Total foreign exchange gains (losses)	**23**	**(949)**

23 *Income tax*

	12 months 2020	12 months 2019
Current tax	(2,635)	(11,546)
Deferred tax (note 17)	(2,086)	(1,339)
Total income tax	**(4,721)**	**(12,885)**

The income tax on the Group's profit before tax differs as follows from the theoretical amount that would be obtained by applying the weighted average tax rate applicable to the profits of consolidated companies:

	12 months of 2020	12 months of 2019
Profit (loss) before tax	**24,910**	**59,086**
Non-tax revenues, including:	**(331)**	**(1,520)**
Unrealised exchange rate differences on loans	(372)	-
Compensation not received during the accounting period	-	516
Other	41	(34)
Tax-exempt dividends	-	(2,002)
Permanently non-deductible costs, including	**1,274**	**5,785**
Representation costs	1,384	2,027
Previous years' costs	51	362
PFRON fees	326	257
Write-offs for expected credit losses	769	(444)
Recognition of write-offs for expected credit losses from previous years as temporary non-deductible costs	(2,002)	2,002
Other	210	203
25% of passenger car operating costs	536	553
Unrealised exchange rate differences on loans	-	825
Deduction of tax losses from previous years	**(604)**	**-**
Tax losses in a subsidiary	**-**	**711**
Tax base	**25,249**	**64,062**
Charging the financial result on account of income tax	**4,721**	**12,885**

The tax authorities may inspect the accounting books and tax settlements within 5 years from the end of the year in which the tax returns were filed (in Ukraine within 3 years) and charge the Group's Companies with additional tax plus penalty interest. In the opinion of the Management Board, there are no circumstances indicating that significant liabilities may arise on this account.
Due to the uncertainty about the possibility of settling tax losses in the subsidiary in the foreseeable future, they were treated as permanent differences between the gross result and the tax base.

24 Dividend per share

Pursuant to Resolution No. 8 of the General Meeting of Shareholders of ULMA Construccion Polska S.A. of 06 May 2020, a portion of the net profit for the financial year 2019 in the amount of 13,664,643.20 was allocated for payment to shareholders in the form of a dividend of PLN 2.60 gross per share.
The dividend rights were set at 18 May 2020 and the dividend payment date at 25 May 2020.

Pursuant to Resolution No. 7 of the General Meeting of Shareholders of ULMA Construccion 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 of PLN 5.71 gross per share.
The dividend rights were set at 17 May 2019 and the dividend payment date at 24 May 2019.

25 Contingent items/guarantees

At the request of ULMA Construccion Polska S.A. mBANK granted one of the Company's suppliers a bank guarantee of performance of the lease agreement. The bank guarantee expires on 30/09/2022 and its amount will change during the period of validity. The guarantee is related to the lease of the Logistics Centre in Gdańsk. The Company uses the Logistics Centre in Gdańsk under a long-term lease agreement.
As at the balance sheet date, the amount of the bank guarantee granted is PLN 3,593 thousand.

26 Investment liabilities (off-balance sheet)

ULMA Construccion Polska S.A. Capital Group does not have any future contractual investment obligations as at the balance sheet date.

27 Profit per share

The basic profit per share is calculated by dividing the profit attributable to the Group's shareholders by the weighted average number of ordinary shares during the year.

	12 months 2020		12 months 2019
Net profit attributable to equity holders of the parent entity	20,189		46,201
Number of ordinary shares as at the balance sheet date in pieces.	5 255 632		5 255 632
Weighted average number of ordinary shares in pieces.	5 255 632		5 255 632
Basic earnings (loss) per share (in PLN per share)	3.84		8.79
Diluted earnings (loss) per share (in PLN per share)	3.84		8.79

28 Material events and events after the balance sheet date

Under Annex No. 1 dated 20 January 2021 to the loan agreement concluded on 30 July 2020 between ULMA Construccion Polska S.A. (lender) and ULMA C y E S.Coop. (borrower) the amount of the loan was increased by PLN 20,000 thousand, up to the total amount of PLN 40,000 thousand.

On March 10, 2021, a part of the land plot in Koszajec owned by the parent company was sold. In connection with signing a preliminary agreement for the sale of the aforementioned plot of land in 2020, as at the balance sheet date of 31 December 2020, the Group reclassified the value of the said plot of land from non-current assets to current assets and disclosed it under "Non-current assets classified as held for sale". The fair value of the land plot, classified as non-current assets held for sale, less costs to sell exceeds its carrying amount.

29 Transactions with associated entities

The control over the Group is exercised by ULMA C y E, S. Coop. with its registered office in Spain, which owns 75.49% of the Company's shares. The remaining 24.51% of shares are held by many shareholders.

In the presented financial years the composition of the Capital Group did not change.

The ULMA Construccion Polska SA Capital Group. the following companies are included:

The parent entity:

ULMA Construccion Polska S.A. based in Koszajec (gm. Brwinów).

Subsidiaries:

- ULMA Opałubka Ukraina with its registered office in Kiev at ul. Gnata Juri 9, established on 18 July 2001. It was registered in the Swiatoszynski Department of State Administration for the city of Kiev under number 5878/01 and received the identification code 31563803. The company's business is the sale and lease of formwork, sales of building materials. The share of the issuer in the capital and in the total number of votes is 100%.

- ULMA Opałubka Kazachstan sp.o.o. with its registered office in Astana at ul. Taszenowa 25, established on 27.08.2010 Its strategic goal is to develop the core business of the Capital Group, i.e. renting formwork and scaffolding systems, and te education of how to use of formwork technology in the construction process in Kazakhstan. The share of the issuer in the capital and in the total number of votes is 100%.

- ULMA Construccion BALTIC sp. z.o.o with its registered office in Vilnius, ul. Pylimo 41-12 established on 27.04.2012. The company's business is the rental of scaffolding and formwork, wholesale and retail sale of scaffolding and formwork, sale and lease of other construction equipment and other commercial activities. The share of the issuer in the capital and in the total number of votes is 100%.

The Group also holds shares in an associate:

ULMA Cofraje SRL with its registered office in Bragadir at ul. Soseaua de Centura No. 2-8 Corp C20 (Romania), established on 9 October 2007. Registered at the National Commercial Register Office in Bucharest under the number of 22679140. The object of the Company's activity is the rental and sale of scaffolding and construction formwork, also on the basis of leasing. The share of the issuer in the capital and in the total number of votes is 30%. The remaining 70% of shares in the Company's capital belong to the entity controlling the Group - ULMA C y E, S. Coop. with its seat in Spain.

Subsidiaries are subject to consolidation by the full method, the associated entity is recognised by means of the equity method.

Transactions concluded by Companies of THE CAPITAL GROUP OF ULMA Construccion Polska S.A. with related entities were of typical and routine nature, were concluded on market terms, and their nature and terms resulted from conducting current operations.

Figures concerning transactions of ULMA Construccion Polska S.A. Capital Group entities with ULMA C y E, S. Coop. (Group ES)

Settlement balances at the balance sheet date	Status per day	
	31 December 2020	31 December 2019
Trade receivables	**2,659**	**16,182**
Including		
- from the parent unit	740	6,084
- from the affiliate	5	34
- from other affiliates	1,914	10,064
Trade Liabilities	**625**	**1,267**
Including		
- to the parent unit	197	972
- to the affiliate	23	-
- to other affiliates	405	295

Sales and purchases from Group's units	12 months 2020	12 months of 2019
Sales	**6,907**	**28,202**
Including		
- to the parent unit	1,905	11,164
- to the affiliate	33	85
- to other affiliates	4,969	16,953
Purchases	**37,809**	**47,938**
Including		
- from the parent unit	36,618	47,605
- from the affiliate	89	4
- from other affiliates	1,102	329

Loans, interest, dividends	12 months of 2020	12 months of 2019
Loans paid-up– in thousands of PLN - ULMA CyE, S. Coop		11,000
Loans granted– in thousands of PLN - ULMA CyE, S. Coop	10,000	
Income from loan interest in thousands of PLN	343	532

ULMA Construccion Poland S.A. granted to the parent company ULMA CyE, S. Coop a long-term loan of 20,000 thousand PLN (in January 2021 the amount of the loan was increased to 40,000 thousand PLN)
The loan is secured by:
1) a promissory note with a promissory note declaration issued by the borrower,
2) an agreement on irrevocable purchase of the borrower's assets (shuttering and scaffolding), which is currently held by the lender on a lease basis. The offer to purchase the assets will only materialise if the borrower fails to repay the loan by the agreed date.
The loan was granted on market terms (fixed margin + WIBOR 1M) and its final repayment date was agreed by the parties as 31 July 2022.

Transactions with members of the Management Board and Supervisory Board of the parent company, their spouses, siblings, ascendants, descendants or other persons close to them and key management personnel of the parent company and ULMA Group companies with related parties.

The members of the Management Board and Supervisory Board of the parent company and members of the Management Board and Supervisory Board of the Issuer's subsidiaries and the Issuer's proxies are considered to be the key management personnel of the parent company and ULMA Group companies. In 2020 and 2019 neither the Group nor the companies of the Group granted any advances, loans, credits, guarantees and sureties to the managing and supervising personnel and their relatives, and no other agreements were concluded with them which would oblige them to provide services to the Company and its related entities.
As at 31 December 2020 and 31 December 2019, there were no loans granted by the companies of the Group to members of the management and supervisory bodies and their relatives.

30 Remuneration of the Members of Management Board and the Supervisory Board

In 2020, members of the Management Board and the Supervisory Board received remuneration including bonuses:

	12 months of 2020		12 months of 2019
Management Board of ULMA Construccion Polska S.A.			
Rodolfo Carlos Muñiz Urdampilleta	1,287		1,436
Giordano Weschenfelder (from 30 May 2019)	640		386
Andrzej Sterczyński	421		569
Krzysztof Orzełowski	367		497
ULMA Opałubka Ukraine			
Dmitriv Lyakhovetskiy	337		424
ULMA Opałubka Kazakhstan			
Ewgenij Chuchałow	108		151
ULMA Construccion BALTIC			
Vykintas Kuzmickas	293		341
Supervisory Board of ULMA Construccion Polska S.A.			
Michał Markowski	37		36
Andrzej Kozłowski (till 30 May 2019)	-		26

Other Members of the Management Board and Members of the Supervisory Board do not receive remuneration.

31 Information on average employment

	2020	2019
ULMA Construccion Polska S.A.	**365**	**364**
ULMA Construccion Polska S.A. Capital Group	**441**	**434**

On behalf of the Management Board of ULMA Construccion Polska S.A.

Name and Surname:	Position	Signature
Rodolfo Carlos Muñiz Urdampilleta	President of the Board	
Marek Czupryński	Member oif the Board	
Andrzej Sterczyński	Member oif the Board	
Krzysztof Orzełowski	Member oif the Board	
Ander Ollo Odriozola	Member oif the Board	

Signature of the person entrusted with bookkeeping

Name and Surname:	Position	Signature
Henryka Padzik	Chief Accountant	

Koszajec, date 31 March 2021