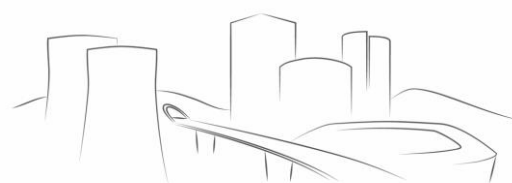


**MANAGEMENT BOARD REPORT ON THE ACTIVITIES OF
ULMA Construcccion Polska S.A.
and
OF THE ULMA
ULMA Construcccion Polska S.A.**

FOR THE YEAR ENDING ON 31 December 2021



Budujemy **zaufanie**



Pursuant to Article 55.2a of the Accounting Act and § 70.4, § 71.4 and § 71.8 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognised as equivalent, the Company has prepared a report of the Management Board on the activities of ULMA Construcción S.A. and the Capital Group in a single document. Other required elements of the report on the Company's activities not included in this part of the report are the same as the Management Board's report on the activities of ULMA Construcción S.A. Capital Group.

Description of the Capital Group's organisation

As of 30.12.2021, ULMA Construcción Polska S.A. Capital Group. ("Capital Group") consisted of the following entities:

ULMA Construcción Polska S.A. ("ULMA")- **the parent company** of the Capital Group performing the management and administrative role for the entire Capital 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 Construcción 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 and Latvia).

In addition, the Capital 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.

Subject of the Capital Group's activities

Capital Group ULMA Construcción Polska S.A. acts in the construction sector. The scope of activity of the Capital Group companies includes lease and sale of formwork systems (shuttering systems) and scaffolding for the purposes of cubature and engineering construction, performance of maintenance works and application designs for these systems, as well as repairs of formwork systems and other accessories used in the assembly of formwork systems.

Seats, dates of establishment and registration of activities of the entities comprising the Capital Group.

- ULMA Construcción Polska S.A., based in Koszajec 50, 05-840 Brwinów, has been operating since 01.07.1995 on the basis of a resolution of the Extraordinary Meeting of Shareholders, transforming the limited liability company into a joint stock company (Notarial Act of 15.09.1995, Rep. A No. 5500/95), registered in the National Court Register in the Register of Entrepreneurs under the number KRS 0000055818 by the District Court for the capital city of Warsaw in Warsaw, XII Economic Division of National Court Register. From 14.02.1989 until its transformation into a joint stock company, the company operated under the name Bauma Sp. z o.o,



- ULMA Opałubka Ukraina with its seat in Kiev at ul. Naberezhno – Pechers´ka Doroga, registered on 18.07.2001 in the State Register of the Republic of Ukraine under number 5878/01 (identification code 31563803),
- ULMA Cofraje S.R.L., based in Bragadir at ul. Soseaua de Centura nr 2-8 Corp C20 (Romania), registered after the change of address in the Commercial Register of Romania under number 22679140
- ULMA Opałubka Kazachstan, based in Astana at ul. Tashenova 25, registered on 27.08.2010 in the Register of the Ministry of Justice by the Department of Justice of the City of Astana under number 37635-1901-TOO/NU/,
- ULMA Construcccion BALTIC" company based in Vilnius, ul. Justiniskiu str.126P, registered on 27 April 2012 in the Register of Legal Persons of the Republic of Lithuania under number 302770757.



Discussion of basic economic and financial figures disclosed in the annual financial statements, in particular a description of factors and events, including those of an untypical nature, having a significant impact on the issuer's operations and its profits or losses in the financial year, as well as a discussion of the development prospects for the issuer's operations at least in the next financial year

Selected financial data and ratios - ULMA Construcción Polska S.A. Capital Group

SELECTED FINANCIAL DATA	2016	2017	2018	2019	2020	2021
Net revenues from sales of products, goods and materials	180 487	201 294	223 721	229 366	190 643	209 851
Profit at the operational level	16 608	30 980	55 817	59 049	25 559	31 962
Gross profit (loss)	16 830	30 954	58 164	59 086	24 910	31 869
Net profit (loss)	12 892	24 225	46 997	46 201	20 189	24 978
Total assets	335 932	336 196	368 225	393 172	390 692	400 860
Liabilities and provisions for liabilities	33 467	40 371	45 375	49 040	44 215	65 426
Long-term liabilities	3 080	2 621	3 950	12 161	13 057	18 051
Short-term liabilities	30 387	37 750	41 425	36 879	31 158	47 375
Equity	302 465	295 825	322 850	344 132	346 477	335 434
Share capital	10 511	10 511	10 511	10 511	10 511	10 511
Number of shares	5 255 632	5 255 632	5 255 632	5 255 632	5 255 632	5 255 632
Declared or paid dividend per share	5,4	3,81	5,71	2,60	7,62	
Net assets	302 465	295 824	322 851	344 132	346 477	335 434
SELECTED FINANCIAL RATIOS						
Sales profitability	7,14%	12,03%	21,01%	20,14%	10,59%	11,90%
Net profit	12 892	24 225	46 997	46 201	20 189	24 978
Sales revenues	180 487	201 294	223 721	229 366	190 643	209 851
EBITDA to sales ratio %	36,33%	37,45%	40,73%	44,54%	36,87%	36,04%
EBITDA	65 567	75 376	91 131	102 164	70 282	75 628
Sales revenues	180 487	201 294	223 721	229 366	190 643	209 851
Current ratio	4,08	3,16	3,13	3,19	3,44	2,48
current assets	123 921	119 264	129 755	117 808	107 061	117 342
current liabilities	30 387	37 750	41 425	36 879	31 158	47 375
Overall debt ratio	9,96%	12,01%	12,32%	12,47%	11,32%	16,32%
total liabilities	33 467	40 371	45 375	49 040	44 215	65 426
total assets	335 932	336 196	368 225	393 172	390 692	400 860
Return on assets	3,84%	7,21%	12,76%	11,75%	5,17%	6,23%
Net profit	12 892	24 225	46 997	46 201	20 189	24 978
total assets	335 932	336 196	368 225	393 172	390 692	400 860

All amounts expressed in thousands of PLN, unless indicated otherwise



Selected financial data and indicators -ULMA Construcción Polska S.A.

SELECTED FINANCIAL DATA	2016	2017	2018	2019	2020	2021
Net revenues from sales of products, goods and materials	166 208	181 208	199 797	197 371	154 551	183 423
Profit at the operational level	11 516	22 016	50 086	50 716	12 995	27 330
Gross profit (loss)	14 136	23 093	52 752	54 745	13 880	27 366
Net profit (loss)	10 711	18 351	42 409	43 499	11 205	21 680
Total assets	338 317	334 127	357 345	374 689	364 951	363 749
Liabilities and provisions for liabilities	31 448	37 287	39 335	43 189	35 910	53 076
Long-term liabilities	3 080	2 620	3 950	12 161	13 057	18 051
Short-term liabilities	28 368	34 667	35 385	31 028	22 853	35 025
Equity	306 869	296 840	318 010	331 500	329 041	310 673
Share capital	10 511	10 511	10 511	10 511	10 511	10 511
Number of shares	5 255 632	5 255 632	5 255 632	5 255 632	5 255 632	5 255 632
Declared or paid dividend per share	5,4	3,81	5,71	2,60	7,62	
Net assets	306 868	296 840	318 010	331 500	329 041	310 673
SELECTED FINANCIAL RATIOS						
Sales profitability	6,44%	10,13%	21,23%	22,04%	7,25%	11,82%
Net profit	10 711	18 351	42 409	43 499	11 205	21 680
Sales revenues	166 208	181 208	199 797	197 371	154 551	183 423
EBITDA to sales ratio %	35,06%	34,68%	40,56%	45,48%	34,56%	36,19%
EBITDA	58 268	62 838	81 039	89 769	53 406	66 375
Sales revenues	166 208	181 208	199 797	197 371	154 551	183 423
Current liquidity ratio	4,00	3,12	3,23	3,41	3,84	2,81
current assets	113 424	108 044	114 177	105 936	87 752	98 281
current liabilities	28 368	34 667	35 385	31 028	22 853	35 025
Overall debt ratio	9,30%	11,16%	11,01%	11,53%	9,84%	14,59%
total liabilities	31 448	37 287	39 335	43 189	35 910	53 076
total assets	338 317	334 127	357 345	374 689	364 951	363 749
Return on assets	3,17%	5,49%	11,87%	11,61%	3,07%	5,96%
Net profit	10 711	18 351	42 409	43 499	11 205	21 680
total assets	338 317	334 127	357 345	374 689	364 951	363 749

Sales revenues

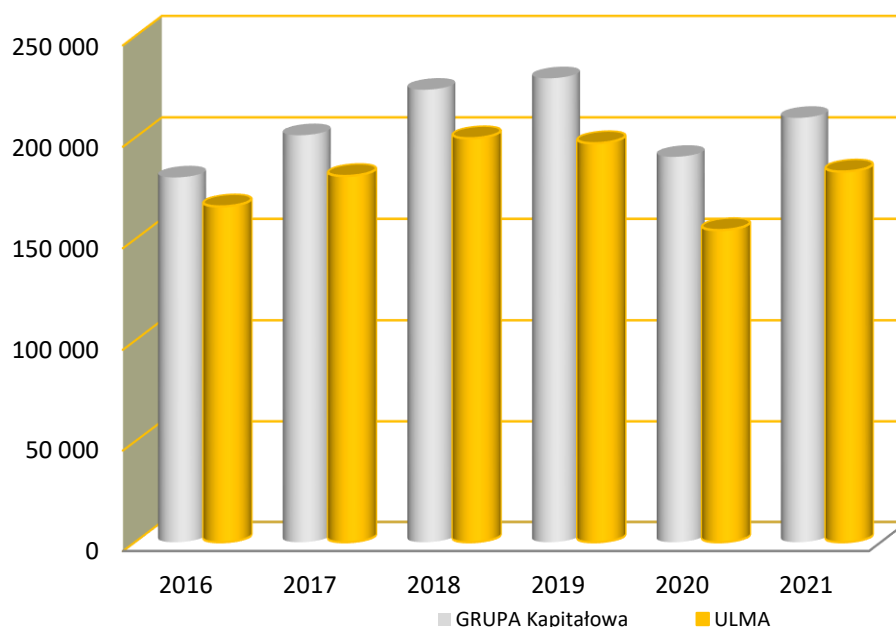
In 2021, the Capital Group reached PLN 209,851 thousand of total sales revenues to PLN 190,643 thousand in relation to previous year (increase by 10.1%).

The increase in revenue from sales concerned the vast majority of the Capital Group's business segment, i.e. "Sales of products and construction materials". In 2021, the revenues of this segment of activity amounted in total to PLN 56,139,000 compared to PLN 46,793,000 in the previous year (an increase by PLN 10,346,000 or 22.6%), which concerned the vast majority of growing revenues on export markets within European structure, including Ukraine and the Baltic States.

In 2021, ULMA Construcción Polska S.A. reached PLN 183,432,000 of total sales revenue compared with PLN 154,551,000 in the previous year (an increase by PLN 28,872,000 or 18.7%).



Sales revenues in thousands of PLN



Operating profitability

In 2021, the Capital Group achieved a positive result on operating activities, which amounted to PLN 31,962 thousand compared to PLN 25,559 thousand in the previous year (an increase by PLN 6,403 thousand).

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

	first quarter of 2021	second quarter of 2021	third quarter of 2021	fourth quarter of 2021	In 2021	In 2020
Sales	39 839	45 477	59 339	65 196	209 851	190 643
EBIT	1 018	5 222	13 818	11 904	31 962	25 559
% for sale	2,55	11,48	23,29	18,26	15,23	13,41
Depreciation	10 737	10 342	10 864	11 723	43 666	44 723
EBITDA	11 755	15 564	24 682	23 627	75 628	70 282
% for sale	29,51	34,22	41,59	36,24	36,04	36,87

In 2021, total depreciation write-offs amounted to PLN 43,666 thousand compared to PLN 43,723 thousand in the previous year. In the total amount of depreciation write-offs indicated above, the largest item is depreciation write-offs for the existing formwork and scaffolding park. Their amount depends primarily on the estimated period of economic usefulness of the equipment.

In 2021, the Capital Group created net write-downs of receivables (the sum of created and dissolved write-downs) and wrote off the lost receivables in the total amount of 1 723 thousand PLN against 1 450 thousand PLN in the analogous period of the previous year (they are included in "Other operating costs").



This phenomenon results from the estimation of the risk related to the recovery of receivables in connection with court proceedings that the Capital Group is conducting against its debtors.

Apart from write-offs for receivables, other net operating costs include, among others, received compensation for lost components of tangible fixed assets and current assets, as well as general effects of property management (negative and positive inventory differences and provisions for permanent loss of value of tangible fixed assets and inventories). In 2021, the effect of these phenomena was positive and amounted in total to 730 thousand PLN (in 2020 893 thousand PLN).

The item "General administration costs" includes the actual costs of the Management Board, but also all cost items related to general administrative services of the Capital Group (accounting, IT, legal services, etc.). These costs amounted to PLN 20,975 thousand in 2021 compared to PLN 18,079 thousand in the previous year (i.e. an increase of 16.0%). The recorded increases in this cost item have been linked to the base effect, since in 2020 the Management Board of the Capital Group decided to reduce the remunerations of the Management Board and the working hours of the administrative staff with regard to the negative impact of Covid-19 pandemic on the Capital Group results. Also in 2020, the Capital Group received public aid from so called anti-crisis shield, economic effects of which are recognised in the discussed cost item. These events were afforded on a single occasion and in 2021 the costs of the Management Board returned to the normal level from before the Covid-19 pandemic taking the wage regulations into account.

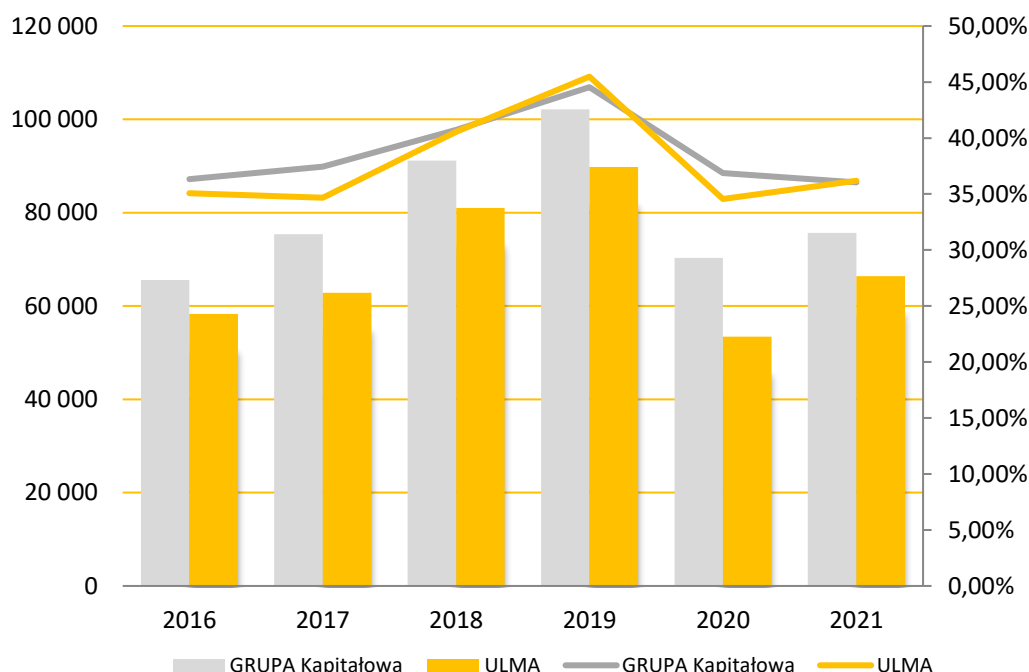
The Capital Group's operations are characterised by high operating leverage, within a significant part of cost items are fixed in nature. Among them, the most characteristic item is depreciation.

The basic unit values related to EBIT (operating profit) and EBITDA (operating profit + depreciation) in the analysed periods in **ULMA Construcccion Polska S.A.** were as follows:

	first quarter of 2021	second quarter of 2021	third quarter of 2021	fourth quarter of 2021	In 2021	In 2020
Sales	32 724	43 806	51 467	55 426	183 423	154 551
EBIT	(2 152)	7 643	11 623	10 216	27 330	12 995
% for sale	(6,58)	17,45	22,58	18,43	14,90	8,41
Depreciation	9 730	9 438	9 667	10 211	39 046	40 411
EBITDA	7 578	17 081	21 290	20 427	66 376	53 406
% for sale	23,16	38,99	41,37	36,85	36,19	34,56



EBITDA (in thousands of PLN and EBITDA as a % to sales)



Transactions hedging against foreign exchange risk

The companies of the Capital Group purchase products (shuttering systems and their accessories and scaffolding) which are the subject of trade and service activities from the parent company in Spain, other companies of the Capital Group and other third parties.

As part of its commercial activities, the Capital Group is active on export markets, especially in Ukraine, Lithuania and Kazakhstan, where business activities are conducted through subsidiaries Ulma Opałubka Ukraina sp. z o.o., Ulma Construcción BALTIC sp. z o.o. and Ulma Opałubka Kazakhstan sp. z o.o. As a result, the companies of the Capital Group are exposed to foreign exchange risk, which the Capital Group tries to reduce by

- participation in the currency and forward market with the use of Non Delivery Forward (NDF) contracts, or
- through an adjustment process for the prices of services and materials offered, which is however not fully effective.

All NDFs held by the Capital Group are concluded only for the purpose of hedging against currency risk and do not have the signs of asymmetry.

The Capital Group does not apply the so-called "Hedge accounting", as a result of which the results from the realization and valuation of hedging transactions (positive and negative) are recognized in the period's result.

Financial costs and other comprehensive income

The Capital Group uses bank loans and its own funds to finance investments related to the purchase of products for lease (i.e. shuttering systems and scaffolding systems).



In 2020, ULMA Construcción Polska S.A. and its subsidiaries did not use bank loans. The parent company ULMA Construcción Polska S.A. grants long-term loans to its subsidiaries to finance their activities in export markets. As at 31 December 2021, the value of long-term loans granted amounted to EUR 1,800 thousand. In accordance with the principles of the International Accounting Standards (IAS 21), these loans are treated as a "net investment in a foreign entity" and therefore any foreign exchange differences associated with them are disclosed in the "statement of changes in consolidated equity" and "other comprehensive income".

In 2021 these amounts were respectively:

- PLN -28 thousand are foreign exchange losses related to the aforementioned "net investment". (loans granted) in a foreign operation. Exchange rate differences from the valuation of settlements as at the balance sheet date are recognised under "equity", and only in later periods following the repayments of the loan taken by the subsidiary, realised exchange rate differences are recognised in the consolidated profit and loss account,
- PLN 4,054 thousand are positive exchange rate differences resulting from changes in local currency exchange rates against PLN influencing the translations of financial statements of subsidiaries operating abroad.

In 2021, the total value of exchange rate differences recognized in the above statements was negative and amounted to PLN -4 179 thousand, of which:

- PLN 933 thousand due to exchange rate differences related to "net investment in a foreign entity" and,
- PLN -5,112 thousand are negative exchange rate differences resulting from changes in local currency exchange rates against PLN influencing the translation of financial statements of subsidiaries operating abroad.

The table below presents the exchange rates against PLN as at 31 December for 3 currency pairs, whose change affected the valuation of the financial statements of the subsidiaries in the consolidated statement of the Capital Group.

	31 December 2021	31 December 2020	Difference 2021/2020 %		31 December 2019	Difference 2020/2019 %
UAH/PLN	6,72	7,54	-10,83%		6,24	20,9%
KZT/PLN	93,54	87,67	6,70%		99,16	-11,6%
PLN/EUR	4,60	4,61	-0,33%		4,26	8,2%

The changes in the exchange rates of the various currencies presented in the table above contributed to the positive exchange differences resulting from the translation of the financial statements of foreign subsidiaries.

In addition to the above-mentioned long-term loans used to finance the operations of its subsidiaries, ULMA Construcción Polska S.A. granted ULMA CyE, S. Coop, its parent company, a long-term loan totalling PLN 20 thousand.

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.

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.

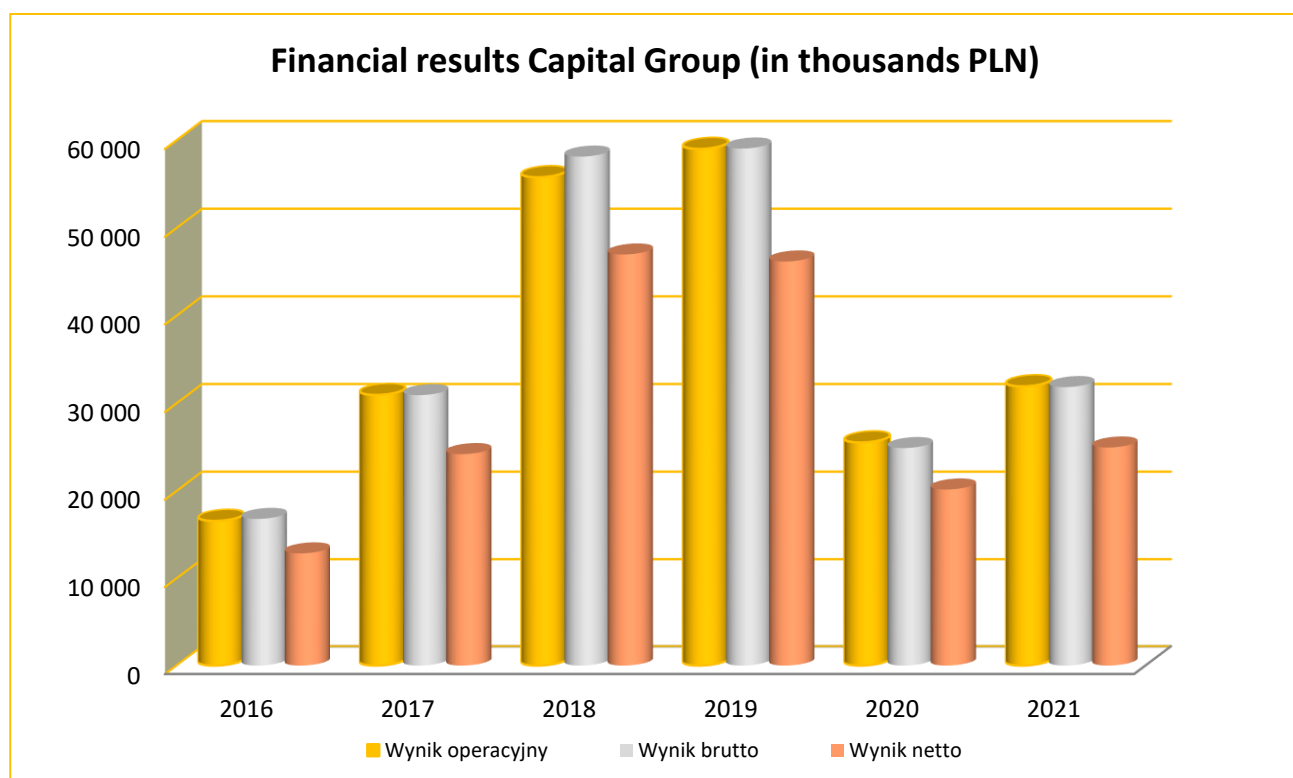
Due to the collateral and the borrower's good financial standing, the Group's Management Board assesses the risk of non-repayment of the debt as low.

In 2021, ULMA Construcción Polska S.A. achieved PLN 620,000 of interest income from the above-mentioned loans, including PLN 455,000 from a loan granted to the parent company (in 2020 the above-mentioned interest amounted to PLN 691,000, including PLN 343,000 from the parent company).

■ **Net profit (loss)**

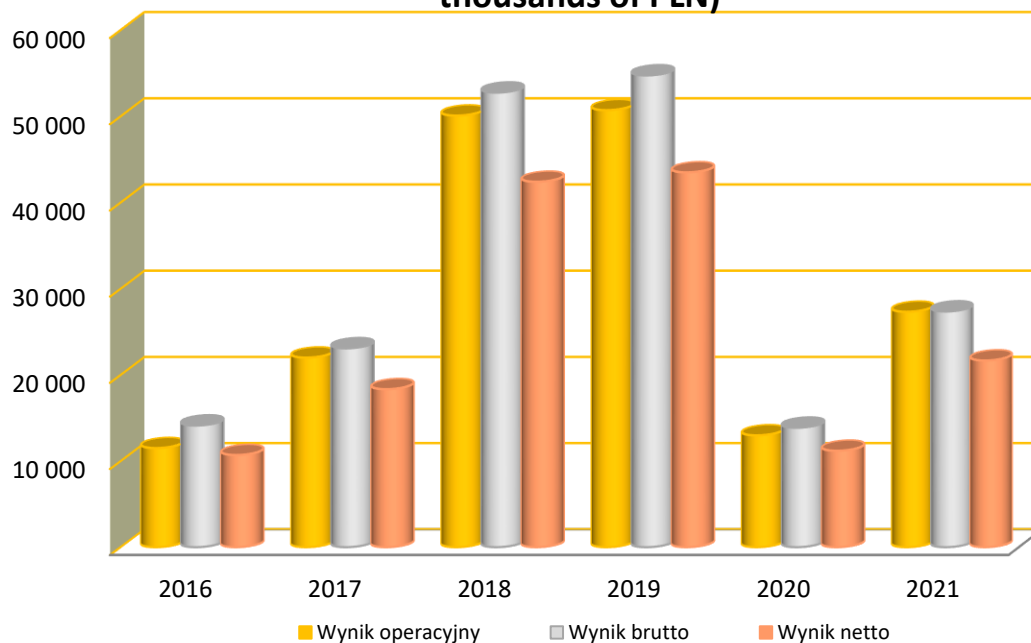
After taking into account the income tax, in 2021 the Capital Group achieved a positive net financial result of PLN 24,978 thousand compared to a positive net result in the previous year of PLN 20,189 thousand.

The positive net financial result achieved in 2021 by ULMA Construcción Polska S.A. amounted to PLN 21,680,000 compared to PLN 11,205,000 of net profit achieved in the previous year.

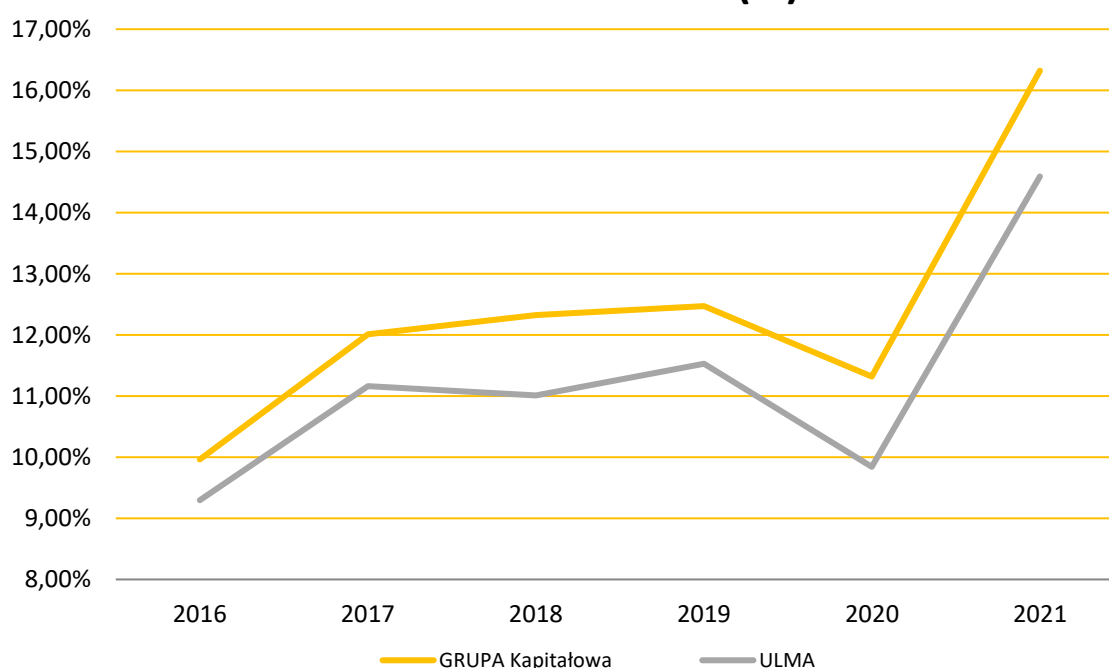


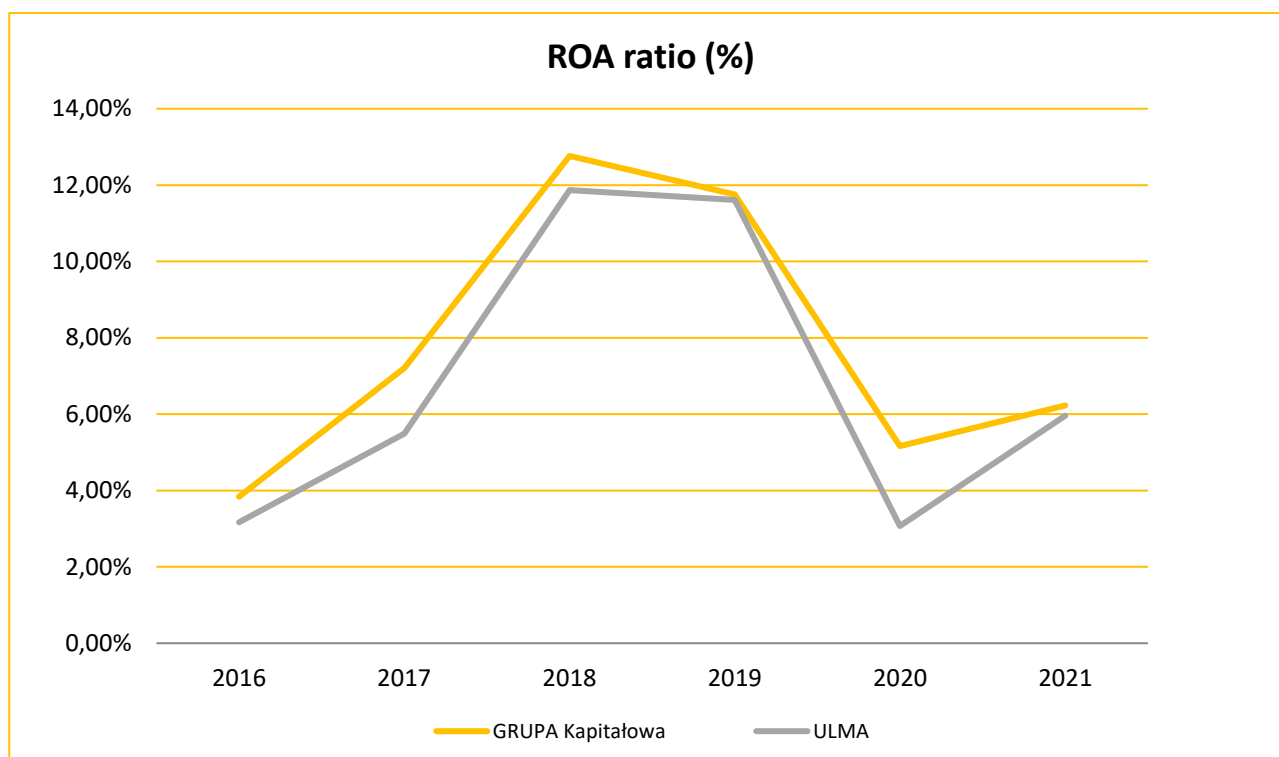


Financial Results of ULMA Construcccion Polska S.A. (In thousands of PLN)



Overall debt ratio(%)





Cash flow

The Group's shortened cash flow statement in the analysed periods is presented in the table below:

	12 months of 2021	12 months of 2020	Dynamics
Net profit	24 978	20 189	1,24
Depreciation	43 666	44 723	0,98
Total financial surplus	68 644	64 912	1,06
Other elements of net flows from operating activities	(39 503)	(26 779)	1,48
Net cash flow from operating activities	29 141	38 133	0,76
Net cash flow from investment activities	7 189	(10 156)	
Net cash flow from financial activities	(44 394)	(18 143)	2,45
Net cash flow	(8 064)	9 834	
Net exchange differences on cash and cash equivalents	(17)	(1 039)	0,02
The change in net cash and overdraft in the current account	(8 081)	8 795	



The Group's shortened cash flow statement of ULMA Construcccion Polska S.A in the analysed periods is presented in the table below:

	12 months of 2021	12 months of 2020	Dynamics
Net profit	21 680	11 205	1,93
Depreciation	39 046	40 411	0,97
Total financial surplus	60 726	51 616	1,18
Other elements of net flows from operating activities	(33 722)	(23 453)	1,44
Net cash flow from operating activities	27 004	28 163	0,96
Net cash flow from investment activities	7 568	(7 822)	
Net cash flow from financial activities	(44 394)	(18 142)	2,45
Net cash flow	(9 822)	2 199	
Net exchange differences on cash and cash equivalents	(35)	(102)	0,35
The change in net cash and overdraft in the current account	(9 857)	2 097	

Cash flow from operating activities

In 2021, the Group recorded an increase in net cash from operating activities, which amounted to PLN 29,141 thousand compared to PLN 38,133 thousand in the previous year. This result was mainly influenced by an increase in other (negative) elements of net cash flows from operating activities, including mainly a decrease in expenses related to the purchase of shuttering elements by PLN 10,932 thousand (in 2021 the value of purchases amounted to PLN 62,056 thousand against PLN 51,124 thousand in 2020).

In 2021, ULMA Construcccion Polska S.A. recorded a slight decrease in net cash from operating activities, which amounted to PLN 27,004 thousand against PLN 28,163 thousand in 2020. This result was mainly influenced by the increase in other (negative) elements of net cash flows from operating activities, including mainly the increase in expenses related to the acquisition of shuttering elements by PLN 6,465 thousand (in 2021, the value of purchases amounted to PLN 49,538 thousand against PLN 43,073 thousand in 2020 partially offset by an increase in net profit by PLN 10,475 thousand).

In 2021, the Group's receivables turnover ratio increased by 5 days to 51 (as shown in the table below).

		31 December 2021	31 December 2020
1.	Net trade receivables (after updating write-offs) as at the balance sheet date	36 159	29 829
2.	Grossed-up sales revenue for the 12 months to the balance sheet date	258 117	234 491
3.	Number of days	365	365
4.	Rotation ratio (1*3/2)	51	46

The Capital Group tries to reduce the risk of lack of collection of receivables by effectively implementing internal procedures and principles for identifying, measuring and monitoring the financial and liquidity situation of the Capital Group's customers at the time of commencement of cooperation and during its implementation.



Cash flow from investment activities

The cash flow statement shows mainly:

- amounts spent on other investment purchases, excluding purchases related to supplementing the portfolio of offered products (shuttering systems and scaffolding), which are shown in cash flows from operating activities,
- amounts received (spent) on repayment (granting) of loans to Group entities.

In 2021, the Capital Group made only minor purchases of other fixed and intangible assets.

The principal item of inflows from investing activities are the inflows from sales of fixed assets, including the plots in Koszajec for PLN 9,068 thousand.

A loan for the parent company of PLN 20,000 thousand was granted and paid within the 1H of 2021 and had no effect on cash flows from investing activities. In 2020, the principal item of expenses from investing activities was the loan granted to the parent company of PLN 10,000 thousand.

Cash flow from financial activities

In 2021, the main item of cash flows from financial activities was the payment of dividends by ULMA Construcccion Polska S.A. in the amount of PLN 40,048 thousand (in 2020 PLN 13,665 thousand).

As a result of the phenomena described above, in 2021 the Capital Group recorded an increase in cash by 8,081 thousand PLN to 49,684 thousand PLN as at 31 December 2021.

In 2021, ULMA Construcccion Polska S.A. recorded a decrease by PLN 9,857 thousand in cash and overdraft facilities, to the level of PLN 38,237 thousand as at 31 December 2021.

Market environment in 2021 and major events having a significant impact on the activity and financial results of the Issuer's Capital Group in the financial year or whose impact is possible in subsequent years

Market environment in Poland

According to the preliminary estimates of Statistics Poland, the 2021 gross domestic product (GDP) was higher by 5.7% in real terms compared with 2020, where the 2.5% drop was recorded. This value exceeds the projected one due to satisfactory results in the last quarter of the analysed year.

According to the preliminary Statistics Poland data, the construction and assembly output increased nominally by 7.4% y/y, which translates into growth in real terms by 3.2% y/y. This result consists of the following outputs in the individual segments:

- drop by 1.2% y/y in the building construction companies,
- growth by 2.8% y/y in the engineering companies and
- growth by 9.3% in the specialist construction companies.

2021 has been the period of a significant increase in prices and peaking inflation. According to Statistics Poland, only in December 2021 it reached 8.6% (the highest increase from 22 years), while the annual average inflation for 2021 was 5.1%. The resources recording the most rapid rise in prices include: fuel (increase in fuel prices for the private means of transport amounted to 32.9% y/y), energy (prices of energy carriers grew by 14.3% y/y) and food (rise in prices by 8.6% y/y). Responding to speeding-up inflation, the Monetary Policy Council reviewed its existing liberal policy and has again raised interest rates. The



reference rate of the NBP as of 31 December 2021 was 1.75%, while on 9 March 2022 it was risen up to 3.50%, which is the highest level since 2014. According to the expectations, the rates will be even higher in the upcoming months.

According to the communication of the PSB Handel Group, the prices of materials in the construction as well as home and garden segments increased in December 2021 by 24% y/y in average, while the entire previous year ended with 12% increase in prices compared with 2020. The factors affecting the price rises in the construction industry include primarily the delays at different stages of the conventional production and supply chain in the sector (raw materials, components, logistics), growing inflation, rises in energy prices, labour costs or foreign exchange rates. In the opinion of the economists, further increases in prices of construction materials are unavoidable, however the manufacturers should answer themselves to the question whether the final consumers will be able to accept such rise. This perhaps will somehow slow the price growths down.

Construction market in Poland

As already mentioned, the estimated increase in the construction output in Poland in 2021 is 3.2% in real terms (y/y). In this period, the best results were recorded in the engineering and residential construction segments.

Non-residential construction

Following the major decreases in 2020, the year 2021 was the period of a slight slowdown of a downward trend for the non-residential construction. According to the preliminary projections, the construction and assembly output in this segment decreased by 3.8% y/y (compared with the drop by 6.6% in 2020). The segments, which fared best included the transport and communications buildings (increase by 39.9% y/y), hotels and tourist accommodation buildings (increase by 9.7% y/y) and sports buildings (increase by 3.7% y/y). The poorest results are projected for the retail and service buildings (drop by 16% y/y).

After a weak 2020 affected by a change in working in the office into home office, the last year was a relatively good period for the office segment, both in the capital city and in the region. Throughout the entire 2021, there were 16 projects delivered in Warsaw of the total area of ca. 325 thousand m². On the other hand, on the eight regional markets in Poland (Krakow, Wroclaw, Tricity, Katowice, Poznan, Lodz, Lublin and Szczecin) the modern office space expanded by 226.3 thousand m² in total. Invariably, the largest office markets in Poland (following Warsaw) include Krakow (1.617.6 thousand m²), Wroclaw (1.253.1 thousand m²) and Tricity (963.3 thousand m²). The total volume of lease transactions recorded on the regional markets in 2021 amounts to 594.5 thousand m², which accounts for the value higher by 2.1% compared to the previous year. In the case of retail and service construction, there are 546 thousand m² of the new gross leasable area (GLA) constructed (of which 40% are the retail parks) on one hand, while on the other hand 269 thousand m² are withdrawn from the modern retail space due to closures of the older facilities (mostly Tesco). In effect, as of the end of 2021, the total retail space resources in Poland reached 16.4 million m² of GLA.

Residential construction

According to the preliminary data of Statistics Poland, in 2021 the construction and assembly output for the residential construction grew by 7.5% y/y. In last year, there were 234,718 apartments commissioned in Poland, which outruns the result recorded in 2020 by more than 6% and at the same time the record value in the Third Republic of Poland (the individual investors commissioned 88,343 apartments, while the developers 141,783 apartments). Yet December was the month of slowdown of the investors' activity in the



residential construction sector. The recorded drop in the area of building permits for apartments and houses was 5% y/y and only 1.5% increase in the number of started residential premises. In 2021, the building permits or pre-construction notifications were issued or made, respectively, for 340.6 thousand of apartments i.e. by 23.3% more compared with 2020, while the number of started apartments was 277.4 thousand i.e. by 23.9% more than a year earlier.

In terms of mortgage loans, the increase in their number recorded in December 2021 was 12% y/y, while with regard to their value this increase amounted to 28% y/y. Throughout 2021, the number of granted mortgage loans was 272.1 thousand (+25.4% y/y) and their total value reached PLN 88.689 billion (+40.1% y/y). One should anticipate a significant deceleration of these results in effect of rising interest rates. One should note also that in 2021 the residential market was primarily a form of capital investment. The individual purchasers buying apartments for their own needs have had the lowest share for many years.

Engineering

According to the preliminary data of Statistics Poland, the construction and assembly output in the entire engineering sector increase by 9.6% y/y, while in the segment covering the construction of bridges, flyovers, overpasses and tunnels, being the Company's priority, the output grew by as many as 23.1% y/y. Very good results were also recorded in the distribution grid sector (increase by 18% y/y). In December 2021 the tender procedures for 66 km of express roads and motorways were announced. The signed contracts covered only 16 km of roads. In December, 175 km of the new roads was commissioned, in effect of which the length of expressways under construction slightly exceeded 1100 as of the end of the month, which translated into growth by only 8% y/y. In the railway construction sector, 2021 was the year of minor growths (increase in the construction and assembly output by 2.6% y/y.), which resulted from delays in the implementation of the National Railway Programme. The subsequent months are more encouraging. After the period of stagnation in the railway investments, in January 2022 the PKP Polskie Linie Kolejowe announced five tenders of a total value of approx. PLN 5.9 billion to be implemented most probably at the end of 2022.

Analysis of market data in the field of ULMA (PLN m) - CSO / Spectis			
Sector	2021*)	2020	% year on year
Housing sector	22 345	20 791	7,5%
Non-residential sector	20 497	21 302	-3,8%
Engineering sector (bridges, viaducts, flyovers, tunnels)	4 182	3 397	23,1%
Industrial sector	22 345	19 492	14,6%
Sectors operated by ULMA CONSTRUCCION POLSKA S. A. in total	69 369	64 982	6,8%

*) estimates

Market environment abroad

Ukraine

The situation in the construction sector in Ukraine was one of the key drivers of the economy as a whole in 2021.

The total volume of construction works in the analysed period increased by 5.1% reaching UAH 253.9 billion compared with the increase by 5.6% in the analogical period of the previous year. The construction activity was relatively high with traditionally weaker first quarter due to winter weather conditions. The new



buildings accounted for 29.6% of all construction works, major and routine renovations for approx. 45%, while reconstruction and technical re-equipping for approx. 25.4%.

The volume of construction works increase in the enterprises from 13 regions, including primarily in: Ternopil - 37.3%, Vinnytsia - 20.1%, Cherkasy - 17.6%, Khmelnytskyi - 15% , Kharkiv - 14.4%, Rivne - 13.4%, Kiev - 11.9%, Mykolaiv - 10.6%, Lviv - 10.4%, Volhynia - 8.4%, Ivano-Frankivsk - 8.4%, Odessa - 1.9% and the city of Kiev - 6.6%.

The volume of construction works decreased in the enterprises from 12 regions, including in particular: Chernivtsi Oblast - 38.9%, Zakarpattia Oblast - 26.1% and Kirovohrad Oblast - 22.3%.

The enterprises from 8 oblasts in the country (Kiev, Odessa, Dnipropetrovsk, Kharkiv, Lviv, Kiev, Vinnytsia and Donetsk Oblasts) accounted for 76% of the total construction volume.

2021 is the year of change in the development foundations for the construction market output. The key driver of the industry was once again the **residential sector** with recorded growth of +16.8% compared with the drop by 16.5% recorded in 2020 in effect of the outbreak of Covid-19 pandemic. On the other hand, the **non-residential** construction grew in the analysed period by 3.2% in an annual scale (by 0.3% in 2020), while the **engineering** sector rose last year by 3.1% (15.6% in 2020).

In January-October 2021, the entire sector demonstrated only a 0.5% growth, however the significant increase in the non-residential and infrastructural construction in December 2021 y/y peaked the results for the entire year to the general level of 5%.

In 2021, the residential segment was de facto this part of the construction market, which has been expanding rapidly throughout 2021 and demonstrated a record activity in the number of the new facilities and consumption of concrete and basic construction materials, which translated into the increase in the price of apartments by approx. 18%. In addition, the 2021 investment activity in the remaining market sectors was at least as strong. The residential, non-residential and industrial construction has been implemented actively and the "Large construction" programme has been expanded. In other words, both the private investors and public sector demonstrated a unique activity throughout the last year. This boost was also encouraged by launching of the state programme of mortgage loans, enabling the public to more willingly invest in the construction of own apartments, which has intensified a widely understood real property market.

This favourable market environment allowed the Capital Group for enhancing the volume of signed contracts for lease and supply of the formwork equipment for the purposes of construction of the residential housing and bridges, which in 2021 contributed to the surges in sales reaching 33%. Notwithstanding the above, the Capital Group managed to effectively strengthen its market position, primarily in the construction of road infrastructure, where the cooperation with one of the leading partners operating on the road market was established, followed by the commercial and other non-residential construction segments. On the other hand, the operation of the Capital Group in the residential segment in 2021 was negatively affected by the intensified competition from less expensive suppliers, both Ukrainian and Russian, however the general reference position gained in the previous period enabled achieving the satisfactory trading performance also in this field.

The Russia's military aggression in Ukraine in February 2022 has radically changed this picture. A half of the Ukrainian enterprises discontinued working, while the construction processes have practically entirely



withered. Only at the areas outside the warfare zones, the individual companies manage to complete the construction works and secure the sites. On the other hand, the market is in the standby mode, which encourages some construction enterprises located in the regions of the country, which are relatively distant from warfare zones to plan resuming their activity.

The above characteristics of the construction market in Ukraine in 2021 demonstrates how high the capacity of this economic sector could have been, if there had been no war. In general, the Ukrainian economy has boosted for several years, which was effectively supported by many Western funds (EU, Monetary Fund, etc.) and all this despite of war in the Donbas and Luhansk region.

At the moment, active warfare has been taking place in Ukraine and pervasive pain and suffering of the entire society effectively nullify all symptoms of economic activity development. On the other hand, we can already now say that the number of buildings and infrastructural facility to be reconstructed is enormous. According to preliminary data, more than 1500 residential buildings of various heights and approx. 300 state administration, education and healthcare buildings were destroyed in effect of warfare to date. Destructions in infrastructure include more than 350 bridges and overpasses, while more than 15 thousand km of roads were damaged. 12 airports, 7 power plants and more than 20 plants from different sectors suffered severe damage. Enormous losses are also recorded in the military infrastructure.

The Management Board of the Capital Group believes that high market position which has been effectively gained by the Group throughout the years will enable playing a significant role in the recovery of this ruined country.

Kazakhstan

In 2021, the inflation in Kazakhstan reached 8.4%, GDP increased by 4.0%, while unemployment rate maintained the stable level of approx. 4.9%. The total construction and assembly output amounted to KZT 5.5 trillion, which demonstrates the increase by approx. 7,6% compared with the previous year.

The Kazakh construction market featured a relatively dynamic growth throughout 2021. The extensive loan offer and transfer of a part of financial resources from the pension funds to residential construction triggered demand for the new apartments. This increased demand was accompanied by a significant surge in prices in the residential construction sector reaching even 25%.

There are several projects on the infrastructural construction market being the key area of activity of the Capital Group, which have been implemented partially with the use of formworks purchased previously by our Clients. In addition, the Capital Group succeeded to win the new projects among the new Clients. Part of these projects was postponed to 2022. Nonetheless, powerful competition from the Russian enterprises with their price advantage and no customs duties when importing from Russia, has effectively limited the capacity of the Capital Group to expand its operation on the Kazakh market.

Lithuania

In 2021, GDP of Lithuania in current prices increased by 12% compared with 2020 (EUR 55,326 million vs. EUR 49,507 million). In December 2021, annual inflation amounted to 10.6% y/y and 4.7% throughout 2021.

In the course of 2021, the total construction and assembly output of Lithuania in current prices amounted to EUR 3,679 million, including EUR 2,216 million in the building construction (residential construction EUR



775 million and non-residential construction EUR 1,440 million, respectively), while in the engineering segment to EUR 1,552 million.

When analysing the comparative data, the growths in the individual segments feature a highly positive picture:

In 2021, the growth in the construction and assembly output reached 12% y/y in total and consisted of the following components:

- building construction segment: increase by 22.5% y/y,
- engineering segment: drop by -1% y/y, provided that the construction of engineering facilities accounted for 41% of all construction works in this country.

For a subsidiary operating in the Baltic states, ULMA Construcción BALTIC sp. z o.o., 2021 was a very challenging year. The end of 2020 and the onset of the analysed year were very difficult due to a low number of new construction projects on the market and demand for formwork services mostly from low-margin contracts. However, since the 2Q 2021 the situation has started to improve. Despite a global surge in prices of construction materials, the local investors boosted its investment activity after a long idle wait caused by Covid-19 pandemic. The improving investment climate was additionally supported by growing demand on apartments, even in spite of higher prices per 1m² of useful floor area.

The residential construction was not the only segment of the construction market affected by positive changes. The number of non-residential construction projects, in particular in Vilnius and Riga has also grown significantly and reached the values not recorded since 2015. Cooperation with the Finnish market has been also developing successfully. In 2021, a Capital group subsidiary participated in several prestigious projects. In 2021, the contracts for design works at the largest project in the Baltic states i.e. rail Baltica were obtained. The Management Board believes that the construction works associated with this project will enable the Capital Group to strengthen its competitive position in the engineering segment in the Baltic states already in 2022.

Description of the structure of main capital deposits or main capital investments made within the Issuer's Capital Group in a given financial year

In the financial year 2021 the Capital Group did not make any deposits or capital investments.

Description of significant off-balance sheet items in terms of subject matter, subject matter and value

At the request of ULMA Construcción 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 September 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. On January 4, 2022, the value of the guarantee was increased to the amount of PLN 4,090 thousand.



Description of significant risks and hazards, specifying the extent to which the issuer is exposed to them

Risk of competition and construction boom in Poland

According to the analysts, 2022 will be the year of economic slowdown caused primarily by lower consumption induced by high inflation, decreasing purchasing power of the consumers, deceleration of deferred demand and poor consumer sentiments. The investments being the key component of GDP in terms of construction should not look much better against the consumption expenditure. They are susceptible mostly to risks on the developer market linked to the decreasing creditworthiness of the apartment purchases, limited supply of apartments and growing indebtedness of the developer subcontractors.

In December 2021, the seasonally adjusted construction sentiment indicator was maintained at low level (-10 points) for a sixth month in a row, while in January 2022 it dropped even more (-12.7 points). In practice, this means that the representatives of the construction sector see no perspectives for improvement of their situation in the short-time perspective. The key identified barrier was unclear legislation. At the beginning of 2022 the first provisions of the governmental socio-economic programme entitled the Polish Deal entered into force. The introduced tax amendments appeared to be highly complicated, which was immediately reflected in the results of the January sentiment survey among the construction companies carried out by Statistics Poland. The barrier to operation of the construction companies related to unclear, inconsistent and unstable legislation exceeded the threshold of 50 points for the first time in a history (52.1 points). The following operation barrier was the employment costs.

In effect of favourable economic situation, the situation on the labour market has been also changing quite intensively. As of the end of December, the registered unemployment rate maintained the level of 5.4% and further decreases of this indicator in 2022 are projected. High demand for work combined with depleting supply and high inflation will trigger growing wage pressure. Only in December, the average wage increased by more than 11%. This issue is additionally worsened by the pending war in Ukraine, which resulted in outflow of employees (men) working at the Polish construction sites. According to the Polish Association of Construction Employers (PZPB), in 2021 the Ukrainians accounted for 78% of workers employed in total at the Polish construction sites. This means that the Polish construction companies will face significant employee shortages at least in the upcoming months of this year, which may contribute to delays in the implementation of many construction contracts. While analysing the employees we do not even mention the aggravating problems of wages.

In 2021, 205 bankruptcies in the construction sector were recorded (increase by 50% y/y). There was an even higher increase in bankruptcies across the economy (70%). According to the REGON register data, as of the end of 4Q 2021, there were 547.5 thousand construction companies operating in Poland (by 5% more than a year ago) – mainly micro-enterprises (1-9 employees), number of which grew by 24.5 thousand in a one-year perspective. In the course of the year, 90 medium and large-sized enterprises (employing 10 or more people) disappeared from the market. Throughout the year, the bankruptcy was declared by 1,293 enterprises i.e. by 32% more compared with the previous year, which is the current record value. This year will be very difficult in this context and may bring additional infamous increases in the bankruptcy rates. The issue of insolvency of the companies are aggravated by both the cost-related aspects (surging prices of resources and raw materials) and their availability, which will be definitely lowering due to the Russian aggression in Ukraine, which is the major exporter of oil, gas, steel, aluminium and nickel, followed by the wage pressure referred to above. In effect, if the private investors and, in particular, public ones, do not agree to index the construction contracts, the contractors may have insufficient funds to ensure liquidity. This is the more important that the policy of the NBP referring to interest rates becomes increasingly hawk-like.



Trade risk in export markets

Polityka handlowa charakteryzująca działania Grupy Kapitałowej determinowana jest przez perspektywę rozwojowe poszczególnych rynków eksportowych, na których Grupa Kapitałowa funkcjonuje.

Ukraine

The main risk related to the new war situation in Ukraine is the risk to safety of our employees, who continue to stay in Ukraine, including also at the territories at direct risk of the Russian invasion. These include Kiev and Odessa. The Capital Group has been actively supporting its employees and their families in order to reduce this risk, however it cannot be excluded until the war ends.

The major economic risk for the Capital Group remains the risk of damage to equipment in effect of direct military attacks. At present, a minor part of property of the Capital Group of the total value of approx. PLN 40 million as of 31 December 2021 remains at the areas of significant military clashes. The Capital Groups takes many measures aiming at mitigation of the negative effects of the potential expansion of the warfare zone leading to the potential equipment losses. These include in particular:

- transfer of equipment in safer regions of western Ukraine
- carrying the equipment from active construction site in cooperation with the clients to the company's storages
- transfer of equipment to Poland
- continued monitoring and staying in contact with the owners of industrial areas, at which the storages of the subsidiary in Ukraine are built.

At this moment of military operations, the Management Board of the Capital Group is unable to determine the economic effects of events and risks described in this point.

The subsidiary operating on the Ukrainian market is also susceptible to the risk of delays in payments from its clients for services provided at the construction sites, at which the formworks were used before the outbreak of war. Although it seems that this risk was mitigated by covering vast majority of receivables recognised in the balance sheet of the subsidiary with a relevant updating write-off, further negative effects cannot be excluded.

The scenario of referring by the clients of the Ukrainian subsidiary to "force majeure" in order to avoid accepting the subsequent invoices for lease of equipment at the started construction sites seems to be highly probable. At the moment, the subsidiary calculated relevant payroll on the operating construction sites for February 2022, which was paid mostly in cash or before the maturity date, however the difficulties with further capacity to accrue the lease in the subsequent periods in which the military operations will be continued cannot be excluded. The management of the subsidiary takes many contacts with the company's clients in order to monitor the situation on the on-going basis.

Notwithstanding the above, there is also a risk of permanent geopolitical changes in Ukraine, which could negatively affect the capacity to run business by the entities from Western Europe. A major military defeat of Ukraine and establishment at its territory of unrecognised semi-states of unspecified legal status and ineffective legislation similar to the existing Donetsk and Luhansk People's Republics can pose a serious issue of concern. In this case, we may face a significant market narrowing caused by decreasing the territory of the existing, free and sovereign Ukrainian state. Even if the risk of such negative course of action exists, it seems less probable than the opportunities related to the economic boom in Ukraine caused by massive recovery of the country after the warfare ceases and establishing the terms and conditions of peace.

At the moment, the Management Board of the Capital Group makes no attempts to quantify the probability of both events and only tries to mitigate the emerging risks and recognise the potential effects in the



published financial statements and stock market information on one hand, while on the other hand to ensure safety of the team operating in Ukraine to maintain the operating capacity of the subsidiary.

Kazakhstan

Kazakhstan is the country belonging to the same customs territory as Belarus and Russia. Both Russia and Belarus are covered by powerful sanctions of the western world caused by the Russian aggression in Ukraine. Thus, there is a risk that the effects of these sanctions will also strike Kazakhstan. On the other hand, the government of Kazakhstan explicitly emphasizes its neutrality, allows pro-Ukrainian manifestations and organises ad-hoc support for the Ukrainian population.

According to the Management Board of the Capital Group, the probability of inclusion of Kazakhstan in the Ukrainian conflict is rather low, while the growing prices of crude oil on the global market will trigger the stream of additional state revenues, which could be allocated by the Kazakh government to mitigate the effects of the potential sanctions imposed by Russian on the country's economy.

At the same time, pointing out at the fact that all transport routes from Poland run via Russia and Belarus, the Management Board of the Capital Group assesses that the risk related to transport of products on this market has increased. The official Russian sanctions on the carriers or goods from the European Union, including Poland, as well as information activities of the Russian citizens and officers against the European goods and carriers cannot be excluded. These events can have a negative impact on the value of revenues of the Capital Group in this part of the world.

With regard to the global inflation trend, growing interest rates triggering the surge in prices of apartments, the risk of reducing demand on residential construction becomes increasingly visible. This trend will not however be significant for the revenues of the Capital Group on the Kazakh market due to the existing focus of operation in the engineering sector which - as of pivotal importance for the condition of the state - is less susceptible to global fluctuations.

Lithuania

The Lithuanian market and the entire market of Baltic states remains as a part of the global Western world under the permanent influence of the current, difficult military situation in Ukraine. In the short-time perspective, the prolonging war may slow down the engineering projects, including Rail Baltica - one of the key contracts from the engineering segment - as well as the other building construction projects. This risk may occur in effect of:

- temporary shortage of metallurgical products supplied to this date mostly from Belarus and Russia,
- suspension of many Russian and Belarusian certificates of building materials, which in effect may no longer be used in the construction industry,
- shortage of blue-collar workers (mostly from Ukraine), who decided to massively return to Ukraine to fight with the occupier and who cannot leave the country until the military operations are under way.

In result, some construction companies face difficulties with the implementation of the signed contracts. This conduces to delays in keeping with the construction schedules, which in turn slows down cash flows and may lead the construction companies to a difficult situation in terms of performance and liquidity. In addition, due to the lack of foreign workers, the costs of local labour force are rising, while its availability drops.



Apart from a surge in prices of the construction materials, growing interests rates of loans may affect directly the financial condition and financial capacity to pay of the companies from the sector, including these, which launched their construction contracts - usually the low-margin ones - in the difficult 2020.

In this situation, the market may face deterioration of payment morality in a short-time perspective, which taking into account the continuous low offer prices poses a significant risk to the operation of the subcontracting companies, including the subsidiary of the Capital Group operating on the Lithuanian, Latvian and Estonian market.

The Management of the Capital Group, being aware of the risks referred to above, makes all efforts to strengthen cooperation with the loyal clients who have proven their payment credibility and operating effectiveness throughout the years. In this way, the Management Board of the Capital Group will strive for mitigating the negative economic impacts specified above and simultaneously address each negative liquidity event.

Exchange rate risk

The companies of the Capital Group purchase products (formwork systems and their accessories) from the parent company in Spain or other entities located outside Poland. On the other hand, the Capital Group companies are active on export markets. As a result, the Capital Group is exposed to the exchange rate risk, which it tries to limit by activity on the currency market or by activity on the forward market and concluding currency futures contracts of Non-Delivery Forward (NDF) type.

The risk related to financial instruments is described in Note 3 to the consolidated financial statements of ULMA Construcción Polska S.A. Capital Group for the year ended 31 December 2021.

Indication of significant proceedings pending before a court, arbitration body or public administration authority, concerning liabilities and receivables of the issuer or its subsidiary, including the subject of the proceedings, the value of the subject of the dispute, the date on which the proceedings were initiated, the parties to the proceedings and the issuer's position

Neither ULMA Construcción Polska S.A. Nor any of its subsidiaries is a party to the proceedings regarding liabilities or receivables of the Company, the value of which would be at least 10% of the Issuer's equity.

There are also no two or more proceedings regarding liabilities, the total value of which would be at least 10% of the Company's equity.

Proceedings regarding receivables of ULMA Construcción Polska S.A as at 31.12.2021:

ULMA Construcción Polska S.A. conducts 41 court proceedings, which include receivables (according to the balance as at 31 December 2021) in the total amount of PLN 17,818 thousand. These cases include court proceedings that have not yet ended with the court issuing a final enforcement order in the case and claims against debtors in relation to which the court issued a decision on the declaration of bankruptcy, arrangement or restructuring.

None of the court cases conducted by ULMA Construcción Polska S.A. exceeds 10% of the equity capital of ULMA Construcción Polska S.A.



The table showing individual groups of court proceedings is presented in the table below:

Detailed list	Number of cases	Balance as at 31 -12 - 2020	Date of the commencement of proceedings	Status of the case
Court proceedings	1	11		
Including major cases:				
DAN-BUD SP.Z.O.O.	1	11	July 2021	The company filed an action for payment against both the debtor and the guarantors. The Company is awaiting a payment order .
Bankruptcy proceedings	40	17 807		
<i>including the 5 largest items:</i>				
HYDROBUDOWA POLSKA SA		6 602	September	The receivable has been filed to the bankruptcy receiver. The Company is awaiting the completion of bankruptcy
RADKO Sp. z o.o.		3 934	August 2012	On 20 January 2016, the Court transformed the hitherto existing systemic bankruptcy into bankruptcy involving the liquidation of the bankrupt's assets. Regardless of the receivables filed in the bankruptcy proceedings, the Company conducts several different proceedings in parallel. In particular, it is the enforcement proceedings against one of the guarantors (a former member of the Debtor's board). As part of the proceedings, several executions were carried out against landed properties (the funds from the last one in the amount of PLN 140 thousand were received by the Company in X'2020) and execution against the debtor's shares in another company (currently pending).
HENPOL Sp. z o.o.		1 010	January 2014	The receivable has been filed to the bankruptcy receiver. The Company is awaiting the completion of bankruptcy
Firma Gotowski – Budownictwo Komunikacyjne i Przemysłowe sp. z o. o		873	June 2018	On 22 June 2018, the District Court in Bydgoszcz issued a decision on opening the Debtor's recovery proceedings. Taking into account that the Company cooperated with the Debtor on three public contracts (contracts submitted to investors under the Public Procurement Law), the Company tries to recover its receivables directly from investors. The first investor paid the amount due (PLN 197 thousand) in July 2019. The second investor paid the amount due to the Company to the court deposit (the amount of PLN 273 thousand), which the Company is trying to recover through court proceedings (the Debtor filed a complaint against the court's decision on payment from the deposit). The third investor was sued by the Company for payment (PLN 362 thousand) and the case is pending. At the last hearing, the court heard witnesses and adjourned the case until May 13, 2022.

All amounts expressed in thousands of PLN, unless indicated otherwise



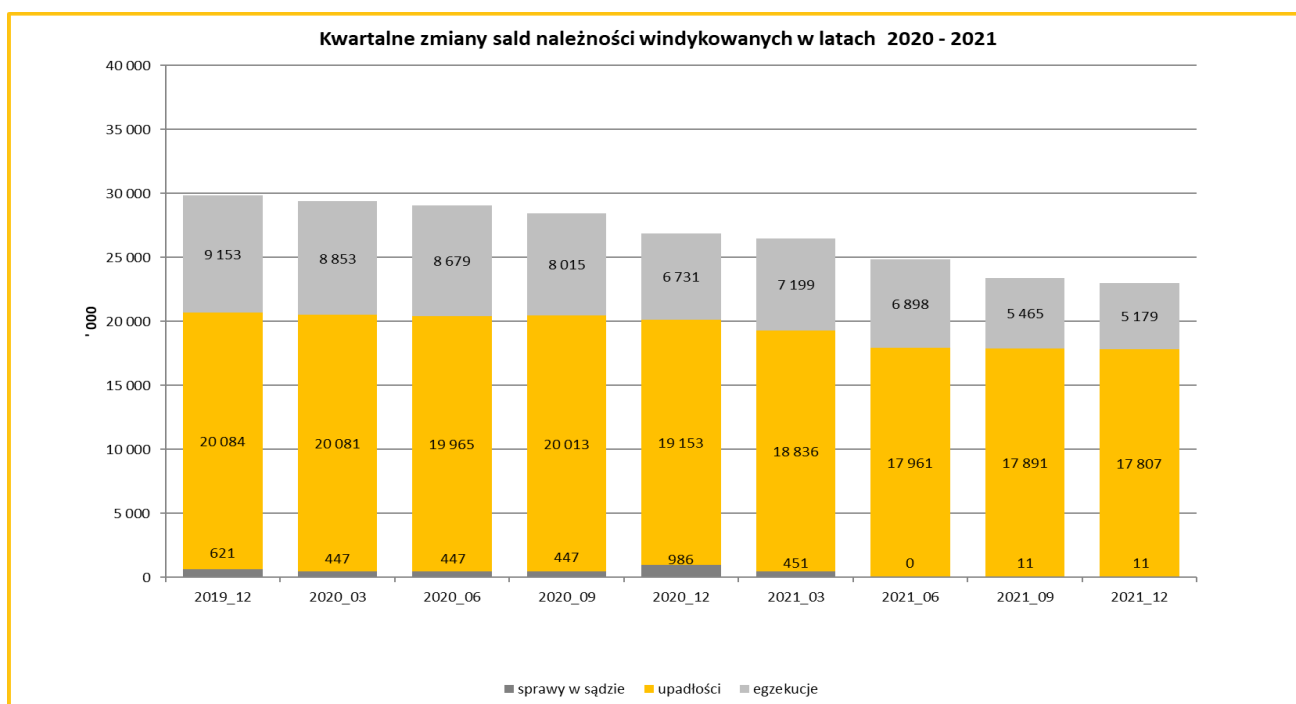
KROKBUD Sp. z o.o.		758	April 2016	On 16/11/2017, the Court transformed the hitherto existing systemic bankruptcy into bankruptcy involving the liquidation of the bankrupt's assets. The Company reported its receivables to the trustee. In X'2020. The Company received the amount of PLN 105 thousand, after a concluded court trial, as compensation for the failure to notify the public investor of the lease agreement between the Company and the Debtor. The amount received is part of the total debt. The Company is not considering the possibility of filing a lawsuit for the remaining amount of debt by analysing the chances of success of such application.
Total listed		13 177		74% of the total
Total number of the proceedings conducted	41	17 818		



Apart from the court cases described above, the Company conducts other debt collection proceedings. These are in particular pre-judicial proceedings and those at the stage of bailiff enforcement. Currently, the Company has 38 proceedings from these categories in its balance sheet for the total value of PLN 5,179 thousand.

As at 31 December 2021, the total balance of receivables to be recovered (at the judicial and extra-judicial stage) in the balance sheet included 79 cases with a total of PLN 22,997 thousand.

The change in the value of receivables in debt collection in 2020-2021 is presented in the chart below:



It should be pointed out that in recent years (at least from 2019 onwards) the positive trend of stabilisation, or even decrease, of the balance (new collections less payments) of collected receivables (without taking into account the reduction of the balance due to write-off of receivables) has been maintained).

Details concerning the balances of the items discussed above are presented in the table below.

	In 2021	In 2020	In 2019
Receivables in collection at the beginning of the period	26 869	29 856	35 963
written down over the period	(3 599)	(2 399)	(5 520)
payments over the period	(684)	(1 738)	(1 358)
New collections over the period	411	1 150	771
Receivables in collection at the end of the period	22 997	26 869	29 856
<i>new collection - payments per account balance</i>	(273)	(588)	(587)

The above phenomenon is an effect of, on the one hand, a careful process of verification of new clients and, on the other hand, the application of effective security measures in trade agreements. The fact that the increasing value of sales is placed in public contracts, where commercial contracts are protected by law by provisions of the Public Procurement Law, also helps to avoid debt collection difficulties.

All amounts expressed in thousands of PLN, unless indicated otherwise



Proceedings regarding receivables of the Subsidiaries as at 31/12/2021:

As at the balance sheet date, subsidiaries recorded a total of 24 court cases with a joint value of PLN 4,364 thousand including:

- a) 21 cases for the amount of PLN 1,976 thousand are at the stage of court proceedings,
- b) 3 cases for the amount of PLN 2,388 thousand are restructuring and bankruptcy proceedings.

Invariably, the largest of the court cases in the Subsidiaries, whose debt equivalent as at the balance sheet date is PLN 2,157 thousand, is the bankruptcy proceedings from 2018 of one of the debtors in the Subsidiary ULMA Construcción BALTIC sp. z o.o.

In addition to the court receivables described above, in the balance sheet of ULMA Opałubka Ukraina sp. z o.o. (in other Subsidiaries such items do not occur), there are also 30 balances of other receivables collected mainly at the pre-court stage, for a total value of PLN 4,407 thousand.

The Ukrainian market is difficult in terms of payment morality. After a relatively satisfactory 1H of 2021, where the balance of collected receivables was successfully decreased, it started to rise again in the 2H. At the end of 2021 the balance sheet of ULMA Opałubka Ukraina sp. z o.o. recognised 49 clients subject to debt collection of the total balance of PLN 6,341 thousand, which translates into the increase by PLN 581 thousand compared with the end of 2020 (balance as of the end of 2020 amounted to PLN 5,760 thousand). This increase is linked mainly to more immediate legal actions (pre-judicial debt collection) against the clients in delays of payments, which in the opinion of the management of ULMA Opałubka Ukraina sp. z o.o. should lead to more effective collection of receivables.

The amounts listed above arose from the conversion of the subsidiaries' receivables in local currencies according to the exchange rates as of the balance sheet date.

The current situation in Ukraine caused by the outbreak of a military conflict with Russia, created the need for another review of the quality of receivables recognised in the balance sheet of ULMA Opałubka Ukraina sp. z o.o.

In effect of review, an additional receivables write-off in the amount equivalent to PLN 1,504 thousand was made and recognised in this financial statement.

The Group creates write-offs updating the level of receivables for all doubtful debts and receivables covered by court proceedings. The amounts of such write-offs are included in the item "Other operating costs", and their amount corresponds to the estimates as to the possibility of recovering debts as part of the court and debt collection process.

Information on basic products, goods or services with their value and quantity determination and the share of particular products, goods and services (if significant) or their groups in total sales of the issuer, as well as changes in this respect in a given financial year

The main source of the Capital Group's income is the rental and sale of formwork and scaffolding systems. This activity is complemented by the sale of shuttering plywood, release fluids for formwork and other reinforced concrete accessories.

The volume of orders is controlled and adjusted to the growth of the construction market and the possibility of cooperation with numerous entities from the construction industry. The Capital Group also adjusts its current products (formwork systems and scaffolding) to the changing needs of the construction market.



In 2020, as in previous years, the Capital Group conducted trade and service activities in the following scope:

- sale and lease of system formwork and scaffolding,
- Pre-assembly of shuttering elements for engineering structures,
- the sale of commercial goods,
- accessories for reinforced concrete works,
- of shuttering plywood.

Data concerning the sales segmentation of the Capital Group are presented in the consolidated financial statements of the Capital Group in the note on business segments.

Information on major achievements in the field of research and development

In the financial year 2021, neither the Company nor the Capital Group carried out any important work in the field of research and development that was significant from the point of view of operating activity.

Information on sales markets, including a division into domestic and foreign markets, and information on sources of supply of production materials, goods and services, specifying dependence on one or more customers and suppliers, and if the share of one customer or supplier reaches at least 10% of total sales revenue, the name of the supplier or customer, its share of sales or supply and its formal links with the issuer

The Group's sales are focused on the domestic market. Total sales on this market constitute 60.0% of the Capital Group's revenues.

In 2021, almost 50% of the total revenue of the parent company of the Group, i.e. ULMA Construcción Polska S. A., was concentrated among 19 general contracting construction companies that are parts of large construction concerns originating from Western Europe operating nationwide or large construction entities operating regionally. In 2020, the aforementioned concentration ratio was very similar.

In accordance with the adopted criteria for classification as significant agreements concluded with the clients of the Capital Group, it should be noted that no agreement executed in 2021 met these criteria except for the loan agreement with the parent company ULMA CyE, S. Coop, which is described below.

Export sales are carried out mainly through the Group's own sales network in the markets of Eastern Europe and Asia. In 2021, the share of export in the total sales revenue of the Capital Group was nearly 40.0% compared to over 31.2% in 2020. The main foreign sales markets are Ukraine, Lithuania, Slovakia, Italy and Spain.

Significant volume of supply of formwork offered on various markets comes from the main shareholder from Spain - in 2021 purchases from Spain (mainly purchases of formwork and scaffolding, formwork rental services and IT services) accounted for 17.2% of the total sales of the Capital Group. The remaining purchases of formwork systems are made from independent suppliers from Germany, Austria, Czech Republic, Latvia, and Poland.



Information on concluded agreements significant for the issuer's operations, including agreements concluded between shareholders, insurance agreements, cooperation agreements or cooperation agreements known to the issuer

In the period covered by the report, the entities comprising the Capital Group did not conclude any agreements with shareholders other than those described in this report. Other transactions and agreements were of typical and routine nature, were concluded on market terms and their nature and terms resulted from the current operating activities conducted by the companies comprising the Capital Group.

Description of transactions with related entities if a one-time or total value of transactions concluded by a given related entity in the period from the beginning of the year exceeds the PLN equivalent of EUR 500,000

Transactions concluded in 2021 by ULMA Construcción Polska S.A. and its subsidiaries with related parties were of typical and routine nature, were concluded at arm's length, and their nature and terms resulted from current operating activities.

The most significant transactions were those with the parent company ULMA C y E, S. Coop. (Spain), in particular:

- purchases of shuttering and scaffolding as well as shuttering and scaffolding rental services with a total value of PLN 33,203 thousand (PLN 30,739 thousand in 2020),
- other purchases in the total amount of PLN 3,408 thousand (PLN 2,430 thousand in 2020).

ULMA Construcción Polska S.A. granted a long-term loan to the parent company ULMA C y E S. Coop. of Spain. As at the balance sheet date the amount of the loan was PLN 20,000 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.

Information on loans and borrowings taken and terminated in a given financial year, including at least their amount, type and amount of interest rate, currency and maturity date

In the financial year 2021 ULMA Construcción Polska S.A. did not make any changes in loan agreements with banks.

On November 3, 2014 ULMA Opalubka Ukraina Sp. z o.o. concluded a short-term credit agreement with UkrSibbank in Hryvny in the amount equivalent to PLN 1,000 thousand. (increase of the limit under the annex to the credit agreement). As at the balance sheet date, December 31, 2021 and December 31, 2020, there is no debt under this agreement.



Information on the organizational or capital relations of the issuer with other entities and specification of its main domestic and foreign investments (securities, financial instruments, intangible assets and real estate), including capital investments made outside its group of affiliated entities and description of the methods of their financing

The above information was presented in the financial statements of the Capital Group and the issuer, in particular in the notes:

- separate statements - Notes 4, 7 and 26
- consolidated financial statements of the Capital Group - Notes 5, 8 and 29

Information on loans granted in a given financial year, with particular emphasis on loans granted to the issuer's related entities, including at least their amount, type and amount of interest rate, currency and maturity date

ULMA Construcción Polska S.A. granted a long-term loan of EUR 2,500 thousand to its subsidiary ULMA Construcción BALTIC. The loan was granted on market terms until 3 January 2023. (Annex of September 12, 2019). As at 31 December 2020, the receivable under the loan was EUR 1,800 thousand.

ULMA Construcción Poland S.A. granted to the dominant entity ULMA C y E S. Coop. with the registered office in Spain a long-term loan in the amount of 20,000 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) 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..

Information on sureties and guarantees granted and received in a given financial year, with particular emphasis on sureties and guarantees granted to the issuer's related entities

ULMA Construcción Polska S.A. granted a surety to Bank UKRSIBBANK for its subsidiary - ULMA Opałubka Ukraina Sp. z o.o. as a security for the repayment of a bank loan. The surety is granted for the duration of the credit agreement and its amount is EUR1,000 thousand thousand. As of the balance sheet date of December 31, 2021 and as of December 31, 2020, there is no debt under this agreement

In the case of an issue of securities in the period covered by the report - a description of the use by the issuer of the proceeds from the issue until the report on operations is prepared

In the reporting period ULMA Construcción Polska S.A. did not issue any securities.



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

On February 2, 2022, the Issuer's Management Board, in report no. 4/2021, published preliminary estimates of selected financial and operational data of ULMA Construcción Polska S.A. Capital Group concerning total sales revenues and revenues from sales in particular segments of the Capital Group's operations. The table below presents a comparison of the published preliminary estimates and actual data achieved in the analysed period of 12 months of 2021.

	Forecast	Execution	Difference
Sales revenues including:	209 851	209 851	-
- construction site services	153 712	153 712	-
- sales of building materials	56 139	56 139	-
EBITDA (net profit + depreciation)	77 132	75 628	(1 504)
Net profit	26 982	24 978	(2 004)
Net cash position (cash + loans granted)	69 684	69 684	-

The differences between the final results and their projections referred to the changes of estimates in write-offs for expected credit losses in the ULMA Opałubka Ukraina subsidiary and estimates on the fair value of shares in the ULMA Cofraje S.R.L. Romania affiliate.

An assessment, including its rationale, of the management of financial resources, with particular reference to the ability to meet commitments entered into and an identification of the risks, if any, and the actions the issuer has taken or intends to take to address those risks

All the companies of the Capital Group fulfil their trade and credit obligations on an ongoing basis.

In 2021 the Capital Group continued to supplement its asset needs (formwork and scaffolding systems) by making investment purchases and transferring assets from the parent company's countries of operation (ULMA C y E S, Coop.), where their use is low. As part of this process, the transferred assets are leased from subsidiaries on market terms, which allows the Capital Group to optimise its financial resources management.

As mentioned at the beginning, the Capital Group's subsidiaries are exposed to the risk of changes in exchange rates. The Capital Group tries to mitigate this risk by active participation in the currency and forward market or by acting in search of natural hedging methods.

Evaluation of the possibility of realization of investment plans, including capital investments, as compared to the amount of funds held, taking into account possible changes in the structure of financing this

The main investment activities carried out by the Capital Group in 2021 were related to purchases of shuttering systems and scaffolding in order to renew and supplement the assortment potential of the Capital Group and in connection with the intensified sale campaign which took place during the analysed period. These actions were very important for maintaining the Capital Group's competitive advantage on the domestic market in Poland in the segment of renting shuttering and scaffolding systems in 2021.



Thanks to the financial surplus generated in the course of its operating activities (in particular following the sale campaign), the Capital Group will be able to continue to make the necessary investment purchases in subsequent periods, which should be financed from its own funds.

As at the date of preparation of this report, the Management Board does not expect any changes in the policy of financing the Capital Group's investment activities to date.

Assessment of factors and atypical events influencing the result on operations for the financial year, specifying the degree of influence of these factors or atypical events on the result achieved

In 2020, there were no unusual events which materially affected the Group's financial result or whose impact is possible in future periods.

Description of the development policy of the issuer's Capital Group and information about the adopted development strategy of the issuer and its Capital Group and activities undertaken as part of its implementation in the period covered by the report, together with a description of the development prospects for the issuer's operations at least in the nearest financial year

For many years the Management Board of the Capital Group has been trying to build a competitive advantage through consistent implementation of a development strategy identical for all subsidiaries. This strategy concerns in particular maintaining a strong market position on the domestic market in Poland and developing activities in selected eastern directions. However, these activities are focused in particular on:

- enabling the subsidiaries to access the commodity facilities (building shuttering, scaffolding and their accessories), which are offered by the Mother company Ulma Construcción Polska S.A. or by the parent company ULMA CyE, S. Coop from Spain as part of internal procedures for the free movement of goods,
- providing subsidiaries with access to specialist design facilities, which is the basis for subsidiaries to increase their competitive advantage,
- providing intra-group financing,
- creating added value through standardization of control and asset management systems, particularly with the use of corporate MRP system solutions, so that the Group is able to achieve synergies,
- creating added value by standardising control and risk management systems.

All these factors are and will continue to be the basis of the Capital Group's operating strategy as part of its efforts to continue growth and increase shareholder value.

Changes in the basic principles of managing the issuer's enterprise and its Capital Group

In 2021 there were no changes in the basic principles of management of the parent company and the ULMA Construcción Polska S.A. Capital Group.

Changes in the composition of the issuer's management and supervisory bodies during the last financial year, rules for appointing and dismissing management staff and rights of management staff, in particular the right to make decisions on the issue or redemption of shares



According to the Articles of Association, the Management Board of ULMA Construccin Polska S.A. consists of one to five members. Members of the Board are appointed and dismissed by the Supervisory Board. The term of office of a member of the management board (term of office) shall be determined by the supervisory board, but it may not exceed three years. The board of supervisory directors shall determine the number of management board members and elect a chairperson from among them.

In accordance with the Regulations of the Management Board of ULMA Construccin Polska S.A., the Management Board of the Company adopts resolutions on matters provided for by law and the Company's Articles of Association, with the proviso that, if the adoption of a resolution requires the consent of the General Meeting of the Company or the Supervisory Board of the Company, the resolution may be adopted after obtaining such consent. The Management Board shall adopt resolutions, in particular on matters concerning:

- convening the general meeting of shareholders,
- establishing the detailed organizational structure of the Company and internal regulations,
- granting and revoking proxies and powers of attorney,
- taking out loans,
- making investments,
- adopting rules of remuneration of the Company's employees,
- determining the rules and manner of accounting,
- establishing detailed principles of financial management of the Company,
- developing annual financial plans for the Company,
- developing long-term development plans for the Company,
- setting and announcing the date of payment of the dividend to be paid by the general meeting of shareholders,
- any matter brought to a Management Board meeting by a member of the Management Board.

On 1 February 2021, Mr. Marek Czuprynski was appointed to the Management Board of ULMA Construccin Polska S.A.

According to the Articles of Association, the Supervisory Board of ULMA Construccin Polska S.A., the Parent Company, consists of five to nine members appointed by the General Meeting. The term of the Supervisory Board is three years.

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

- audit of the balance sheet,
- examination of the Company's Management Board's report and the Management Board's conclusions on the distribution of profits or coverage of losses,
- submitting to the general meeting of shareholders a written report on the results of the activities referred to in points above,
- giving its opinion on all matters submitted by the Management Board for consideration by the General Meeting,
- suspension of a member of the Management Board or the entire Management Board for important reasons,
- delegating a member or members to temporarily perform the activities of the Management Board of the Company in the event of suspension or dismissal of the entire Management Board or when the Management Board cannot act for other reasons,
- approval of the Regulations of the Management Board of the Company,
- detailing the rules for determining fixed remuneration, variable remuneration and additional benefits with respect to Management Board members, as set out in the Remuneration Policy for Members of the Management Board and Supervisory Board adopted by the Company's General Meeting, and reviewing that Policy



- preparation of the annual remuneration report referred to in Article 90g of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (Journal of Laws. 2005 No. 184, item 1539, i.e. Journal of Laws 2019, item 623),
- setting the rules of granting remuneration for members of the Management Board,
- authorisation of investments and purchases exceeding 4/5 (four fifths) of the share capital and borrowing of more than that value, unless such investments or purchases are reflected in the adopted annual budgetary targets,
- the appointment of an auditor,
- granting consent to the acquisition or disposal by the management of real estate or a share in real estate.

Members of the Supervisory Board exercise their rights and obligations personally.

On May 6, 2021, the Ordinary General Meeting of Shareholders of the Company, by resolution No. 19/2021, appointed Mr. Eñaut Eguidazu Aldalur to the Supervisory Board of the Company. The change in the composition of the Supervisory Board took place in connection with the resignation of Mr. José Joaquín Ugarte Azpiri from the membership of the Supervisory Board on May 6, 2021, about which the Company informed in the current report No. 7/2021 of April 7, 2021.

Any agreements concluded between the issuer and Management Board members providing for a compensation in case of their resignation or dismissal from their function without an important reason or if their dismissal results from the issuer's merger via acquisition

In the Companies of the Capital Group, there are no agreements concluded between the companies in the ULMA Construcción Polska S.A. Capital Group and the managing persons providing for compensation in the event of their resignation or dismissal without an important reason or if their dismissal or dismissal is due to the merger of the Parent Company ULMA Construcción Polska S.A. or by acquisition.

Value of remuneration, rewards or benefits, including those resulting from motivation or bonus schemes based on the issuer's capital, in particular those based on bonds with pre-emptive right, convertible bonds, subscription warrants, in cash, in kind or in any other form, paid, due or potentially due, separately for each member of the issuer's managing, supervisory or administrative bodies in the issuer's enterprise

Powyższe informacje zawarte zostały w Nocie 30 Informacji dodatkowej do skonsolidowanego sprawozdania finansowego.

Total number and nominal value of all shares of the issuer and shares in the issuer's affiliated entities held by managing and supervising persons (for each person separately)

To the best of our knowledge, as at the date of publication of this report, no proxy, member of the Management Board or Supervisory Board holds shares of the Parent Company ULMA Construcción Polska S.A. or shares of its subsidiaries.



Indication of shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the Issuer's General Meeting, together with an indication of the number of shares held by these entities, their percentage share in the share capital, the number of votes resulting therefrom and their percentage share in the total number of votes at the General Meeting

As at the date of 31 December 2021, shareholders holding more than 5% of the total number of votes are:

	Share capital		Votes at GSM	
	Number of shares	%	Number of shares	%
ULMA C y E, 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

Information on agreements known to the issuer (including those concluded after the balance sheet date) which may result in future changes in the proportions of shares held by existing shareholders and bondholders.

To the best of our knowledge, there are no agreements that may result in future changes in the proportions of shares held by existing shareholders.

Indication of holders of any securities that give special control rights in relation to the issuer, together with a description of those rights

As at the date of submitting this report there are no securities giving special control rights in relation to the Parent Company ULMA Construcccion Polska S.A.

Information on the system of control of employee share programs

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

Indication of the body which has selected the audit firm

On 31 March 2020 the Supervisory Board of ULMA Construcccion Polska S.A. adopted a resolution on the selection of the audit firm Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. to be conducted:

- Review of the interim financial statements of the Company and the interim consolidated financial statements of ULMA Construcccion Polska S.A. Capital Group as at 30 June and as at 30 June 2021.
- Audit of the annual financial statements of the Company and the annual consolidated financial statements of the ULMA Construcccion Polska S.A. Capital Group as at 31 December 2020 and as at 31 December 2021.

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in



Warsaw, Rondo ONZ 1, is entered in the list of entities authorised to audit financial statements under number 130.

Information on:

- // the date on which the issuer concluded an agreement with an entity authorised to audit financial statements to audit or review the financial statements or consolidated financial statements and the period for which the agreement was concluded,
- // remuneration of the entity authorized to audit financial statements, paid or due for the financial year separately for:
 - Audit of the annual financial statement
 - Other assurance services, including the review of financial statement
 - Tax consultancy services
 - Other services

The review of the interim financial statements of ULMA Construcción Polska S.A. and the audit of the financial statements of ULMA Construcción Polska S.A. and the consolidated financial statements of ULMA Construcción Polska S.A. Capital Group for 2020 were carried out by Ernst & Young Audyt Polska Sp. z ograniczoną odpowiedzialnością s.k. under an agreement concluded on 27 July 2020. The aforementioned agreement was concluded for a two-year period and concerns the audit and review of the Company's financial statements and the consolidated financial statements of the Capital Group for 2020-2021. The total remuneration for 2020 according to the above agreement amounts to 213 thousand PLN, including for the review of interim statements 46 thousand PLN.

The review of the interim financial statements of ULMA Construcción Polska S.A. and the audit of the financial statements of ULMA Construcción Polska S.A. and the consolidated financial statements of ULMA Construcción Polska S.A. Capital Group for 2019 were carried out by Ernst & Young Audyt Polska Sp. z ograniczoną odpowiedzialnością s.k. under an agreement concluded on 26 July 2017. The total remuneration under the aforementioned agreement amounts to PLN 170 thousand, including PLN 64 thousand for the review of interim statements.

Conversion of selected financial data into the Euro

The conversion of selected consolidated financial data into Euro is presented in the table below:

DETAILED LIST	In thousands PLN		In thousands EUR	
	12 months of 2021	12 months of 2020	12 months of 2021	12 months of 2020
Net revenues from sales of products, goods and materials	209 851	190 643	45 844	42 609
Profit (loss) from the operating activities	31 962	25 559	6 982	5 713
Gross profit (loss)	31 869	24 910	6 962	5 567
Net profit (loss)	24 978	20 189	5 457	4 512
Net cash flow from operating activities	29 141	38 133	6 366	8 523
Net cash flow from investment activities	7 189	(10 156)	1 571	(2 270)
Net cash flow from financial activities	(44 394)	(18 143)	(9 698)	(4 055)
Net cash flow	(8 064)	9 834	(1 762)	2 198
Diluted profit per one share	4,75	3,84	1,04	0,86
Profit per ordinary share (in PLN / EUR)	4,75	3,84	1,04	0,86



	31 grudnia 2021 r	31 grudnia 2020 r	31 grudnia 2021 r	31 grudnia 2020 r
Total assets	400 860	390 692	87 155	84 661
Liabilities	65 426	44 215	14 225	9 581
Long-term liabilities	18 051	13 057	3 925	2 829
Short-term liabilities	47 375	31 158	10 300	6 752
Equity	335 434	346 477	72 930	75 080
	10 511	10 511	2 285	2 278
Weighted average number of shares	5 255 632	5 255 632	5 255 632	5 255 632
Number of shares as at the balance sheet date	5 255 632	5 255 632	5 255 632	5 255 632
Book value per ordinary share (in PLN / EUR)	63,82	65,92	13,88	14,28



The conversion of selected one-time financial data into Euro is presented in the table below:

	In thousands PLN		In thousands EUR	
DETAILED LIST	12 months of 2021	12 months of 2020	DETAILED LIST	12 months of 2021
Net revenues from sales of products, goods and materials	183 423	154 551	40 071	34 543
Profit from operating activities	27 330	12 995	5 970	2 904
Gross profit (loss)	27 366	13 880	5 978	3 102
Net profit (loss)	21 680	11 205	4 736	2 504
Net cash flow from operating activities	27 004	28 163	5 899	6 295
Net cash flow from investment activities	7 568	(7 822)	1 653	(1 748)
Net cash flow from financial activities	(44 394)	(18 142)	(9 698)	(4 055)
Net cash flow	(9 822)	2 199	(2 146)	492
Diluted earnings per ordinary share (in PLN / EUR)	4,13	2,13	0,90	0,48
Basic earnings per ordinary share (in PLN / EUR)	4,13	2,13	0,90	0,48
	w tys. zł		w tys. EUR	
	31 grudnia 2021 r.	31 grudnia 2020 r.	31 grudnia 2021 r.	31 grudnia 2020 r.
Total assets	363 749	364 951	79 086	79 083
Liabilities	53 076	35 910	11 540	7 781
Long-term liabilities	18 051	13 057	3 925	2 829
Short-term liabilities	35 025	22 853	7 615	4 952
Equity	310 673	329 041	67 546	71 301
Share capital	10 511	10 511	2 285	2 278
Weighted average number of shares	5 255 632	5 255 632	5 255 632	5 255 632
Number of shares as at the balance sheet date	5 255 632	5 255 632	5 255 632	5 255 632
Book value per ordinary share (in PLN / EUR)	59,11	62,61	12,85	13,57

Individual items of assets and equity and liabilities have been converted into EUR using average exchange rates published by the President of the National Bank of Poland, effective as at the balance sheet date. The average EUR exchange rate as at 31 December 2021 amounted to PLN/EUR 4.5994, and as at 31 December 2020 to PLN/EUR 4.46148.

When converting the items of the statement of comprehensive income and cash flow statement items, a rate being the arithmetic mean of the exchange rates in force in the given period was applied, i.e. data for the period 1.01. 31/12/2021 were converted according to the exchange rate = 4.5775 PLN / EUR, data for the analogous period of 2019 were converted according to the exchange rate = 4.4742 PLN / EUR.



Investor relations

As part of its efforts to build proper investor relations, the Capital Group has appointed a person responsible for contact with the WSE, the Polish Financial Supervision Authority and shareholders.

Krzysztof Burczaniuk
krzysztof.burczaniuk@ulmaconstruction.pl
tel. (22) 506-70-00
tel. (22) 506-70-55

Statement on the application of Corporate Governance principles

The statement of the Management Board on the application of Corporate Governance rules in 2021 will be published as a separate document together with this report of the Management Board on the activities of ULMA Construccin Polska S.A. and ULMA Construccin Polska S.A. Capital Group for the year ended 31 December 2021.

Declaration on the application of the Diversity Policy

Diversity and openness are values that are an integral part of both business activities and employment policy at ULMA.

When recruiting employees, ULMA applies the principles of Diversity and Equal Treatment, providing clear and fair criteria. The company uses various panels for job interviews. Managers have adequate knowledge of conducting interviews, including knowledge of the catalogue of questions which should not be asked to candidates, e.g. concerning their religious faith, political beliefs, personal life, etc. When recruiting, we look for people who are guided by values valuable to the organization.

An important element of personnel policy is the employment structure that ensures that people of different ages, genders and nationalities can work, as well as equal access to benefits and promotions, while maintaining the established principles of diversity.

An example is the Age Structure of the workforce as of December 31, 2021:

Age	Share in the total number of employees
20 to 29 years	18%
30 to 39 years	32%
40 to 49 years	31%
More than 49 years	19%

Every ULMA employee has the opportunity to be promoted to a managerial position if he or she demonstrates adequate professional achievements. An example is the personnel structure for managerial positions in the trade, logistics and technology division, where Directors / Managers were promoted from specialist positions.



Based on a competency model that includes company-wide, leadership and specific competencies, an employee evaluation is conducted each year. As part of the periodic evaluation system, each employee establishes an individual development plan together with his or her supervisor during a periodic interview.

ULMA puts emphasis on the development of its employees, providing them with equal opportunities to participate in training and professional development. Training in 2020 due to the coronavirus pandemic was limited to those relevant to the organization and work safety and was mostly organized online.

ULMA provides opportunities for students, undergraduates and graduates from high schools and universities of various profiles.

ULMA conducts remuneration monitoring in order to check whether there is no inequality of treatment in the organization and assesses the amount of salaries for individual positions taking into account the differences between them:

- remuneration of persons working in equivalent positions,
- the pay of men and women,
- remuneration of persons working full-time or part-time,
- remuneration of persons with comparable seniority and competence.



Statement by the Management Board of the Parent Company

The financial statements of ULMA Construcción Polska S.A. and the consolidated financial statements of ULMA Construcción Polska S.A. Capital Group for the year ended 31 December 2021 were approved by the Management Board of ULMA Construcción Polska S.A. on 30 March 2022.

The financial statements of ULMA Construcción Polska S.A. and the consolidated financial statements for the year ended 31 December 2021 have been prepared to present the property and financial situation and results of operations of ULMA Construcción Polska S.A. and ULMA Construcción Polska S.A. Capital Group.

The financial statements of ULMA Construcción Polska S.A. and the consolidated financial statements for the year ended 31 December 2021 have been prepared in accordance with the "International Financial Reporting Standards" IFRS and related interpretations published in the form of European Commission regulations.

The consolidated financial statements of the ULMA Construcción Polska S.A. Capital Group for the year ended 31 December 2021 include:

- consolidated statement of financial situation
- Consolidated profit and loss account and other comprehensive income
- Report on changes in consolidated equity
- Statement of Cash Flows
- Additional information

The financial statement of the ULMA Construcción Polska S.A. Capital Group for the year ended 31 December 2021 includes:

- Statement of financial situation
- Profit and loss account and other comprehensive income
- Report on changes in equity
- Statement of Cash Flows
- Additional information

To the best of our knowledge, the financial statements of ULMA Construcción Polska S.A. and the consolidated financial statements of ULMA Construcción Polska S.A. Capital Group for the year ended 31 December 2021 and the comparable data have been prepared in accordance with the accounting principles in force and reflect in a true, fair and clear manner the assets and financial situation and financial result of ULMA Construcción Polska S.A. and ULMA Construcción Polska S.A. Capital Group, and the Management Board's report on the activities of ULMA Construcción Polska S.A. and ULMA Construcción Polska S.A. Capital Group in 2021 gives a true picture of the development, achievements and situation of the Company and the Capital Group, including a description of the basic risks and threats.

The entity authorised to audit financial statements auditing the financial statements of ULMA Construcción Polska S.A. and the consolidated financial statements of ULMA Construcción Polska S.A. Capital Group for the year ended 31 December 2021 was selected in accordance with legal regulations. This entity and the certified auditors auditing the financial statements meet the conditions to issue an impartial and independent opinion on the audited financial statements for the year ended 31 December 2021, in accordance with the applicable regulations and professional standards.



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

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

Koszajec, date 30 March 2022