ULMA

CONSOLIDATED FINANCIAL STATEMENT of

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

FOR THE YEAR ENDING ON 31 December 2021

(along with the report of the chartered accountant)

Contents

CAPITAL GROUP
ULMA Construccion Polska S.A.

GENERAL INFORMATION

The subject of operations

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

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

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

Registered Seat

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

The parent entity and Group composition

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

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

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

Composition of supervisory and management bodies as at 31/12/2021 and as at the date of approval of the report for publication

Supervisory Board

Aitor Ayastuy Ayastuy	President of the Supervisory Board
Iñaki Irizar Moyua	Vice-President of the Supervisory Board
Rafael Anduaga Lazcanoiturburu	Member of the Supervisory Board
Michał Markowski	Member of the Supervisory Board
José Joaquin Ugarte Azpiri	Member of the Supervisory Board until 6 May 2021
Eñaut Eguidazu Aldalur	Member of the Supervisory Board from 6 May 2021

Audit Committee

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

Management Board

Rodolfo Carlos Muñiz Urdampilleta	President of the Management Board
Krzysztof Orzełowski	Member of the Management Board
Ander Ollo Odriozola	Member of the Management Board
Andrzej Sterczyński	Member of the Management Board
Marek Czupryński	Member of the Management Board from 1 February 2021

The auditor

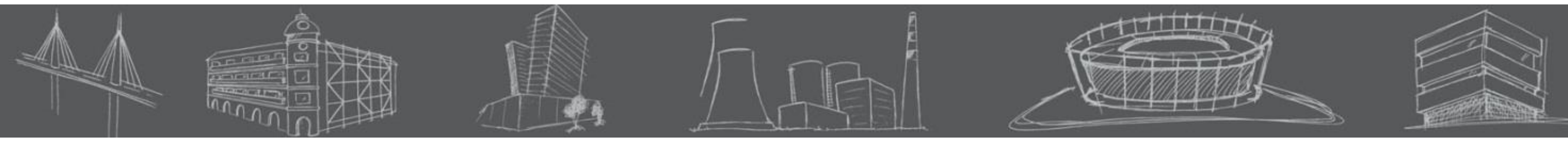
Ernst &Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1
00-124 Warszawa
The company is entered in the list of entities authorized to audit financial statements under item 130.

Banks

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

Stock exchange listing

The company is listed on the Warsaw Stock Exchange ("WSE") since 21 May 1997.
GPW Symbol: ULM.
LEI Code: 2594001DEARTIAMFJC93



CAPITAL GROUP
ULMA Construccion Polska S.A.

CONSOLIDATED FINANCIAL STATEMENT

For the year ending on 31 December 2021

Consolidated profit and loss account and other comprehensive income

	Note	12 months of 2021	12 months of 2020
Sales revenues	19.	209 851	190 643
Costs of products, goods and materials sold	20.	(155 037)	(145 724)
I. Gross profit on sales		**54 814**	**44 919**
Selling and marketing costs	20.	(1 628)	(1 342)
General management costs	20.	(20 975)	(18 079)
Other operating income	21.	1 915	2 388
Other operating costs	21.	(2 164)	(2 327)
Including: impairment losses on receivables		*(1 723)*	*(1 450)*
II Profit at the operational level		**31 962**	**25 559**
Financial income	22.	1 154	736
Financial costs	22.	(600)	(1 335)
Net financial income (costs)		*554*	*(599)*
Share in profits (losses) in associated companies		(647)	(50)
III. Profit before tax		**31 869**	**24 910**
Income tax	23.	(6 891)	(4 721)
IV. Net profit for the financial period		**24 978**	**20 189**
Other comprehensive net income to be reclassified to profit / (loss) in subsequent reporting periods			
Exchange differences regarding net investments in a subsidiary		(28)	933
Exchange differences on the translation of financial statements of foreign subsidiaries		4 054	(5 112)
V. Total income for the financial period		**29 004**	**16 010**
Net profit attributable to equity holders of the parent	27.	24 978	20 189
Net profit attributable to non-controlling interests		0	0
The total income of the financial period attributable to the shareholders of the parent company		29 004	16 010
The total income of the financial period attributable to non-controlling interests		0	0
Weighted average number of ordinary shares		5 255 632	5 255 632
Basic and diluted earnings per share attributable to shareholders of the parent company (in PLN per share)	27.	4,75	3,84

Consolidated statement of financial position

	Note	As at: 31 December 2021	As at: 31 December 2020
ASSETS			
I. Fixed assets			
1 Property, plant and equipment	5.	260 504	245 734
2 Intangible assets	6.	241	261
3 Shares in affiliates	8.	1 500	2 211
4 Assets due to right of use	9.	15 449	11 108
5 Assets due to deferred income tax	17.	5 824	4 317
6 Long-term receivables under loan	10.	-	20 000
Fixed assets in total		**283 518**	**283 631**
II Current assets			
1 Inventory	11.	8 415	7 432
2 Trade receivables and other receivables	10.	58 706	32 293
3 Current income tax receivables		531	981
4 Derivative financial instruments	7.	6	-
5 Cash and cash equivalents	12.	49 684	57 765
Non-current assets classified as held for sale		-	8 590
Current assets in total		**117 342**	**107 061**
Total assets		**400 860**	**390 692**
EQUITY CAPITAL AND LIABILITIES			
I. Equity			
1. Share capital	13.	10 511	10 511
2. Supplementary capital - surplus from the sale of shares above par value	13.	114 990	114 990
3. Exchange differences on translating foreign entities		(10 250)	(14 277)
4 Retained earnings, including:		220 183	235 253
a. Net profit for the financial period		*24 978*	*20 189*
Total equity		**335 434**	**346 477**
II Liabilities			
1 Short-term liabilities			
Provision for deferred income tax	17.	9 490	8 659
Long-term liabilities due to retirement benefits	18.	285	310
Long-term liabilities due to the right of use (leasing)	16.	8 276	4 088
Long-term liabilities in total		**18 051**	**13 057**
2. Zobowiązania krótkoterminowe			
a. Short-term liabilities due to retirement benefits	18.	64	62
b. Derivatives		-	54
c. Current income tax liabilities		797	585
d. Short-term liabilities due to the right of use (leasing)	16.	3 767	3 541
e. Trade payables and other liabilities	14.	42 747	26 916
Short-term liabilities in total		**47 375**	**31 158**
Total liabilities		**65 426**	**44 215**
Total equity and liabilities		**400 860**	**390 692**

Report on changes in consolidated equity

Detailed list	Share capital at par value	Surplus from the sale of shares above par value	Exchange differences on translating foreign entities	Retained profits	In total Equity
As at 01 January 2021	**10 511**	**114 990**	**(14 277)**	**235 253**	**346 477**
Total net profit in 2021	-	-	-	24 978	24 978
Total income in 2021	-	-	4 027	-	4 027
Payment of the dividend	-	-	-	(40 048)	(40 048)
As at 31 December 2021	**10 511**	**114 990**	**(10 250)**	**220 183**	**335 434**

Detailed list	Share capital at par value	Surplus from the sale of shares above par value	Exchange differences on translating foreign entities	Retained profits	In total Equity
As at 1st January 2020	**10 511**	**114 990**	**(10 098)**	**228 729**	**344 132**
Total net profit in 2020	-	-	-	20 189	20 189
Total income in 2020	-	-	(4 179)	-	(4 179)
Payment of the dividend	-	-	-	(13 665)	(13 665)
As at 31 December 2020	**10 511**	**114 990**	**(14 277)**	**235 253**	**346 477**

Consolidated cash flow statement

	Note	12 months 2021	12 months 2020

Net cash flow from operating activities				
Net profit (loss) for the financial period		**24 978**		**20 189**
Adjustments::				
- Income tax	23.	6 891		4 721
- Depreciation of fixed assets	5.	39 610		40 487
- Depreciation of intangible assets	6.	219		188
- Depreciation assets due to right of use		3 837		4 048
- Amounts written off financial fixed assets		(144)		394
Net value of formwork sold - fixed assets		12 812		9 105
- Interest costs		584		591
Interest income		(745)		(735)
- Change in the value of shares in the associated entities		711		50
- (Profits) / losses due to changes in the fair value of financial instruments		(60)		122
- (Profits) / Losses due to foreign exchange losses		833		416
- Change in the provision for retirement benefits		(23)		72
Changes in working capital:				
- Inventory		(983)		(45)
- Trade receivables and other receivables		(6 413)		18 394
- Trade payables and other liabilities		15 831		(4 363)
		97 938		**93 634**
Purchasing formwork		(62 056)		(51 124)
Income tax paid		(6 741)		(4 377)
Net cash flow from operating activities		**29 141**		**38 133**
Net cash flow from operating activities				
Purchase of property, plant and equipment		(2 491)		(1 676)
Proceeds from the sale of property, plant and equipment		9 115		1 017
- Depreciation of intangible assets		(180)		(232)
Repayment of loans		20 000		-
Loans granted		(20 000)		(10 000)
Interest received		745		735
Net cash flow from investment activities		**7 189**		**(10 156)**
Net cash flow from financial activities				
Repayment of credits and loans		-		-
Interest paid		(584)		(591)
Payments of liabilities due to the right of use (leasing)		(3 762)		(3 887)
Dividends paid		(40 048)		(13 665)
Net cash flow from financial activities		**(44 394)**		**(18 143)**
Net increase or decrease in cash		(8 064)		9 834
Cash at the beginning of the period		57 765		48 970
Net exchange differences on cash and cash equivalents		(17)		(1 039)
Cash at the end of the period	12.	**49 684**		**57 765**

Notes to the consolidated financial statement

1. Description of the most important applied accounting principles

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

The amount of VAT recovered for lack of repayment of receivables within 90 days from the date of payment are showed in the balance sheet item "Tax liabilities and other encumbrances". In 2021, the Group amended this rule and, in its consolidated financial statement drawn up as of 31 December 2021, this amount decrease gross trade receivables from unrelated parties. As of 31 December 2021, the amount of recovered VAT is PLN 2,585 thousand (as of 31 December 2020, this amount was PLN 2,916 thousand).
In the opinion of the Capital Group, the changed presentation has no significant impact on data presented in the statement and in effect the Group did not restate the comparative data. In the case of restating the comparative data, the balance sheet total in the financial statement as of 31 December 2020 would decrease by PLN 2,916 thousand i.e. by 0.75%.

A) Declaration of conformity and general principles of document preparation

Consolidated financial statement of the ULMA Construccion Polska S.A. Capital Group, for which the parent entity is ULMA Construccion Polska S.A., cover the period ended on 31 December 2021 and includes comparative data for the nine months ended as at 31 December 2020.

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

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

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

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

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

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

This consolidated financial statement was approved for publication by the Management Board on 30 March 2022.

B) Changes in applied accounting principles

The accounting principles (policy) adopted for preparation of this consolidated financial statement is coherent with those applied for preparation of the Group's consolidated financial statements for the year ended 31 December 2020, except for those presented below.

IFRS/IAS and interpretations

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

- **The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: *Interest rate benchmark reform - Phase 2***

  The proposed amendments contain the temporary deviations addressing the effects of replacing the interbank offered rate ("IBOR") with an alternative interest rate similar to a risk-free rate ("RFR") and impact on financial reporting. The amendments contain the following practical solutions:
  - - practical solutions requiring the amendments to the agreements or cash flows resulting directly from the reform are considered as changes of variable interest rate, which is equivalent to a change of market interest rate,
  - - permit for adjustment of hedge accounting documentation in the area of identification and documentation of hedging relationships without resolving them, if these amendments were directly required by the IBOR reform,
  - - granting a temporary exemption from the requirement of compliance with the separate identification criterion, provided that the RFR instrument is established as the risk component hedging.

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

The following standards, amendments to existing standards and interpretations have not been adopted by the European Union or are not effective as at 01 January 2021:

Norma	Description of amendments	Date of entry into force
IFRS 14 Regulatory prepayments and accruals	Accounting and disclosure principles for regulatory deferred items	The standard in its current version will not apply in the EU
Amendments to IFRS 10 and IAS 28	Provides guidelines for the sale or contribution of assets by an investor to an associate or joint venture	Not specified
IFRS 17 Insurance Contracts	It replaces IFRS 4 and introduces changes concerning, among others, the method of measurement of insurance liabilities, recognition of profit or loss over time, recognition of reinsurance and separation of the investment component.	Until the date of approval of these statements, not approved by the EU - 1 January 2023
Amendments to IAS 1:	Presentation of Financial Statements - Breakdown of liabilities into current and non-current	Until the date of approval of these statements, not approved by the EU - 1 January 2023
Amendment to IFRS 3	Business Combinations - Amendments to References to Conceptual Assumptions	By the date of approval of this report, not approved by the EU - 01 January 2022
Amendments to IAS 16 Fixed assets	Revenues before commissioning	By the date of approval of this report, not approved by the EU - 01 January 2022

Amendments to IAS 37:	Burdensome contracts - costs of fulfilling contractual obligations	By the date of approval of this report, not approved by the EU - 01 January 2022
Amendments resulting from the review of IFRS 2018-2020		By the date of approval of this report, not approved by the EU - 01 January 2022
Amendments to IAS 1 and Practice Statement 2	Disclosures of Accounting Policies	For annual periods beginning on 01 January 2023
Amendments to IAS 8:	Definition of estimated values	For annual periods beginning on 01 January 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	For annual periods beginning on 01 January 2023
Amendments to IFRS 17	Insurance contracts: first application of IFRS 17 and IFRS 9 - comparative information	For annual periods beginning on 01 January 2023

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

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

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

C) Consolidation

The consolidated financial statement of the Group has been prepared on the basis of the financial statements of the parent company, its subsidiaries and associates. The financial statement of the consolidated entities is prepared for the same reporting period.
Due to the fact that not all the entities comprising the Group apply the same accounting principles in line with those applied by the parent company, for the purpose of preparing the consolidated financial statement, the financial statements of these entities were restated accordingly, adjusting the data to the accounting principles applied by the parent company.
Subsidiaries are those entities over which the parent company exercises control. Control is exercised by the parent company when it holds directly or indirectly, through its subsidiaries, more than half of the votes in a given company, unless it is possible to prove that such ownership does not involve control. Control is exercised when the Company, by virtue of its involvement in another entity, has rights to variable financial results and has the possibility to exert influence on the amount of those financial results by exercising power over that entity. Exercising power may also take place when the parent company does not hold more than half of the number of votes in the subsidiary. Subsidiaries are subject to full consolidation from the date of taking control over them by the Group. They cease to be consolidated on the day of cessation of control. The cost of acquisition is determined as the fair value of transferred assets, issued equity instruments and liabilities incurred or taken over as of the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value as at the acquisition date, irrespective of the size of any non-controlling interests. The excess of the acquisition cost over the fair value of the Group's share in identifiable net assets acquired is recognized as goodwill. If the cost of

acquisition is lower than the fair value of net assets of the acquired subsidiary, the differences are recognized directly in the financial result.
Associates are entities on which the parent company directly or through subsidiaries exerts significant influence, but does not control or co-control them.
Investments in associates are accounted for using the equity method.
Transactions, settlements and unrealised gains on transactions between the Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the transferred asset.
Exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised initially in a separate component of equity and recognised in other comprehensive income, and on disposal of the net investment they are recognised in profit or loss.

D) Valuation of items denominated in foreign currencies

1. Functional and presentation currency

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

2. Transactions and balances

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

3. Foreign companies

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

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

4. Currency exchange rates and inflation

	Average zloty exchange rates published by the National Bank of Poland				Change in the price index of consumer goods and services published by the Central Statistical Office 12 months
	UAH (Hryvnia - Ukraine)	RON (Leu - Romania)	KZT (Tenge - Kazakhstan)	EUR (Euro)	
31 December 2021	0,1487	0,9293	0,009354	4,5994	5,1%
31 December 2020	0,1326	0,8767	0,008767	4,6148	3,4%

2. Significant estimates and judgements made

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

- The balance sheet value of tangible fixed assets is determined with the use of estimations concerning useful life of particular groups of fixed assets. The adopted useful lives of tangible fixed assets are subject to periodical verification based on analyses carried out by the Group.
  Expenditure of fixed assets from the group of shuttering systems (sale, scrapping, wear and tear for the needs of contract execution) is valued at the net book value of the oldest items of a given assortment. This is due to the fact that the elements of this group of fixed assets are specified in terms of species and there is no identification in terms of identity.

- Write-offs for expected credit losses are created in accordance with IFRS 9. For receivables classified to NORMA group, the Group estimates the level of expected credit losses using the LGD (Loss Given Default) ratio, which in 2021 amounted to 38% and the likelihood of the debtor's insolvency. Other receivables belonging to the group: debt collection, court, bankruptcy, enforcement are not of homogeneous nature, therefore the Company analyses each balance individually for impairment. If there is any indication that they are not recoverable, the Group recognises a write-down for expected credit losses in the amount resulting from the estimates.

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

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

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

- Legal regulations concerning value added tax, corporate income tax and social security charges are subject to frequent changes, which in turn results in the lack of appropriate reference points,

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

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

3. Financial risk management

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

Currency exchange risk

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

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

If the Polish zloty had weakened/increased by 10% in relation to the EUR and EUR, with other parameters unchanged, exchange differences reported under a separate equity item in connection with the above loan would have increased/decreased the consolidated equity by PLN 671 thousand (in 2020 by PLN 831 thousand).

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

Income and cash flows from the Group's operating and financing activities are not significantly exposed to the risk of interest rate changes.
The Group has no significant debt, the cost of which depends on the interest rate.
The Group's income calculated on the basis of the interest rate (WIBOR 1M) is income from interest on a loan granted to its parent company - ULMA C y E S. Coop. Taking into account that the risk of interest rates falling in relation to the current, historically lowest level is negligible, the Group is not afraid of the risk of a decrease in cash flows on this account.

Credit risk

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

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

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

condition and acceptance procedures for new customers allow the Group to significantly reduce the credit risk level.

Trade receivables in respect of which no impairment has been found constitute 51.7% of the gross value of this group of financial assets, of which 58.7% of the group's value are trade receivables that are not overdue (in 2020 these figures were 45.5% and 65.8% respectively).

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

31 December 2021	Due amount <0	Due amount up to 30 days	Due amount from 31 to 90 days	Due amount from 91 to 180 days	Due amount from 181 to 360 days	Due amount from 360 days up	In total
Gross trade receivables	22 627	9 911	5 158	2 957	882	28 441	**69 976**
Write-offs for expected credit losses	(1 393)	-	(1 536)	(1 573)	(874)	(28 411)	**(33 817)**
Net trade receivables	**21 234**	**9 911**	**3 622**	**1 384**	**8**	**0**	**36 159**

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

Value loss was found in the case of financial assets in the group of trade receivables and other receivables with the value of PLN 33,817 thousand, covering them with a write-off on expected credit losses. When determining the impairment of particular financial assets, the Group is guided by the individual assessment of each customer, including mainly the assessment of their financial standing and the collateral held. The Group uses mainly blank promissory notes and insurance of foreign receivables relating to the eastern markets as the basic means of securing the recovery of receivables.

With regard to trade receivables presented in the table above, which are over 90 days overdue, the Capital Gropu recovered as at the balance sheet date PLN 2 585 thousand of VAT using the so-called VAT relief for bad debts. This amount in its consolidated financial statement drawn up as of 31 December 2021, this amount decrease gross trade receivables from unrelated parties. In the consolidated financial statement drawn up as of 31 December 2020, the amount of recovered VAT of PLN 2,916 thousand was presented in trade receivables and other receivables.

The Capital Group has a concentration of credit risk related to receivables from granted loans.
As at the balance sheet date the amount of the loan granted to the parent company Ulma CyE S. Coop was PLN 20,000 thousand.
The loan is secured by:
1) a promissory note with a promissory note declaration issued by the borrower,
2) an agreement on irrevocable purchase of the borrower's assets (shuttering and scaffolding) at an attractive discount, which is currently held by the lender on a lease basis. The offer to purchase the assets will only materialise if the borrower fails to repay the loan by the agreed date.

The loan was granted on market terms (fixed margin + WIBOR 1M) and its final repayment date was agreed by the parties as 31 July 2022.
Due to the collateral and the borrower's good financial standing, the Group's Management Board assesses the risk of non-repayment of the debt as low.

Liquidity risk

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

The table below shows the Group's financial liabilities as at 31 December 2021 and as at 31 December 2020 by maturity date based on contractual undiscounted payments.

31 December 2021	Interest-bearing credits and loans	Lease liabilities	Factoring related liabilities	Liabilities due to deliveries and services and other liabilities	In total
Up to 3 months	-	1 351	-	42 747	44 098
From 3 up to 12 months	-	3 934	-	-	3 934
From more than a year up to 5 years	-	8 142	-	-	8 142
More than 5 years	-	548	-	-	548
In total	**-**	**13 975**	**-**	**42 747**	**56 722**

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

Working capital management

The working capital of individual companies of ULMA Construccion Polska S.A. Capital Group is managed at the Capital Group level. The main objectives of capital management are to ensure an appropriate level of operating liquidity and the ability to implement given companies of the Group's investment plans in accordance with the approved budgets so that the Group's operating activities contribute to increasing the value for its shareholders.

The Group manages its capital structure and, in response to changes in economic conditions, takes steps to modify it.
In order to maintain or correct the capital structure, the Group (with the consent of the parent company shareholders) may change the payment of dividends, return the capital to the shareholders or carry out a new issue of shares.

Dividend policy

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

4. Information on business activity segments

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

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

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

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

The segment results are as follows:

The year ending on 31 December 2021

Description of the item	Construction site services	Sales of building materials	Capital Group
Sales revenue in total	158 681	85 210	243 891
Internal sale	(4 969)	(29 071)	(34 040)
Sales revenues	**153 712**	**56 139**	**209 851**
Consolidated operating costs without depreciation	(100 632)	(55 660)	(156 292)
Internal turnover costs	352	21 717	22 069
Operating costs without depreciation	**(100 280)**	**(33 943)**	**(134 223)**
EBITDA	**53 432**	**22 196**	**75 628**

The year ending on 31 December 2020

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

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

	12 months of 2021	12 months of 2020
Profit at the EBITDA level	**75 628**	**70 282**
Depreciation	(43 666)	(44 723)
Interest income	745	735
Other financial income	409	1
Interest related costs	(584)	(591)
Other financial costs	(16)	(744)
Participation in the results of affiliates	(647)	(50)
Profit before tax	**31 869**	**24 910**
Income tax	(6 891)	(4 721)
Net profit	**24 978**	**20 189**

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

Description of the item	Construction site services	Sales of building materials	Items not assigned	Capital Group
As at 31 December 2021	219 854	14 741	166 265	400 860
As at 31 December 2020	199 102	10 910	180 680	390 692

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

Description of the item	31 December 2021	31 months of 2020
Segment assets	234 595	210 012
Unallocated tangible fixed assets in total	70 483	72 983
Unallocated Intangible assets in total	241	261
Investments in the affiliate	1 500	2 211
Assets due to deferred tax	5 824	4 317
Assets due to right of use	15 449	11 108
Non-current assets classified as held for sale	-	8 590
Tax and other receivables	23 078	23 445
Derivative financial instruments	6	-
Cash and cash equivalents	49 684	57 765
Total Assets	**400 860**	**390 692**

Other receivables not allocated to segments include mainly receivables due to loans granted to related parties in the amount of PLN 20 000 thousand. (20 000 thousand PLN as at 31 December 2020).

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

Description of the item	2020	2019
Domestic sales revenues	125 852	131 176
Foreign sales revenues	83 999	59 467
Sales revenue in total	**209 851**	**190 643**
Fixed assets - domestic	249 689	241 435
Fixed assets - foreign	26 505	15 668
Fixed assets in total	**276 194**	**257 103**

Group’s main foreign sales markets are: Ukraine, Lithuania, Slovakia, Italy and Spain.

5. Tangible fixed assets

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

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

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

The applied periods of use for particular groups of generic fixed assets are as follows (in years):

- buildings and structures 25 - 40
- investments in third-party facilities 10
- machinery and technical equipment 3 - 20
- formwork systems 2 - 14
- equipment and other fixed assets 5

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

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

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

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

Value loss of non-financial fixed assets

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

Fixed assets movement table in 2021

	Land, buildings, structures	Technical devices, machines and means of transport	Formwork systems	Other fixed assets	Fixed assets in construction	Tangible fixed assets in total
GROSS VALUE						
As at 01 January 2021	**98 408**	**14 139**	**539 966**	**2 978**	**664**	**656 155**
Increases due to purchase	892	1 152	41 934	201	245	44 424
Increases - inventory surpluses, retraining	-	-	20 123	-	(670)	19 453
Decreases - sales	-	-	(47 142)	-	-	(47 142)
Decreases - liquidations, inventory shortages, requalification	55	(219)	(19 629)	(97)	-	(19 889)
Exchange rate differences	33	111	4 011	33	14	4 202
As at 31 December 2021	**99 388**	**15 183**	**539 264**	**3 115**	**253**	**657 203**
CONSILIDATED DEPRECIATION						
As at 01 January 2021	**30 237**	**10 237**	**366 685**	**2 732**	**-**	**409 891**
Depreciation for the period	2 917	1 350	35 161	182	-	39 610
Decreases - sales	-	-	(39 003)	(62)	-	(39 066)
Decreases - liquidations, requalification	-	(213)	(15 053)	(32)	-	(15 298)
Exchange rate differences	9	72	1 067	27	-	1 175
As at 31 December 2021	**33 163**	**11 446**	**348 857**	**2 847**	**-**	**396 313**
AN UP-DATE WRITE-OFF						
As at 01 January 2021	**-**	**-**	**530**	**-**	**-**	**530**
Increases	**-**	**-**	**-**	**-**	**-**	**-**
Decreases	**-**	**-**	**(144)**	**-**	**--**	**(144)**
As at 31 December 2021	**-**	**-**	**386**	**-**	**-**	**386**
NET VALUE						
As at 01 January 2021	**68 171**	**3 902**	**172 751**	**246**	**664**	**245 734**
As at 31 December 2021	**66 225**	**3 737**	**190 021**	**268**	**253**	**260 504**

Fixed assets movement table in 2020

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

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

Detailed list	12 months of 2021	12 months of 2020
Costs of products, goods and materials sold	38 937	39 796
Selling and marketing costs	6	5
General management costs	667	686
In total	**39 610**	**40 487**

As at 31 December 2021, the result of the analysis was found to be evidence of impairment of tangible fixed assets in the shuttering group and it was decided to reverse a part of the impairment in the amount of PLN 144 thousand, reducing its amount to PLN 386 thousand.

6. Intangible assets

Software

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

Table of movements of value of intangible assets in 2021

	Licenses and software	Other	Intangible assets in total
GROSS VALUE			
As at 01 January 2021	**5 367**	**37**	**5 404**
Increases	180	-	180
Decreases - liquidation	(3 199)	(37)	(3 236)
Exchange rate differences	24	-	24
As at 31 December 2021	**2 372**	**-**	**2 372**
CONSILIDATED DEPRECIATION			
As at 01 January 2021	**5 106**	**37**	**5 143**
Depreciation for the period	219	-	219
Decreases - liquidation	(3 199)	(37)	(3 236)
Exchange rate differences	5	-	5
As at 31 December 2021	**2 131**	**-**	**2 131**
NET VALUE			
As at 01 January 2021	**261**	**0**	**261**
As at 31 December 2021	**241**	**-**	**241**

Table of movements of value of intangible assets in 2020

	Licenses and software	Other	Intangible assets in total
GROSS VALUE			
As at 31th December 2020	**5 150**	**37**	**5 187**
Increases	232	-	232
Decreases - liquidation	-	-	-
Exchange rate differences	(15)	-	(15)
As at 30th December 2020	**5 367**	**37**	**5 404**
CONSILIDATED DEPRECIATION			
As at 31th December 2020	**4 921**	**37**	**4 958**
Depreciation for the period	188	-	188
Decreases - liquidation	-	-	-
Exchange rate differences	(3)	-	(3)
As at 30th December 2020	**5 106**	**37**	**5 143**
NET VALUE			
As at 01 January 2020	**229**	**0**	**229**
As at 31 December 2020	**261**	**0**	**261**

Depreciation write-off for intangible assets has increased:

Detailed list		12 months of 2021		12 months of 2020
Costs of products, goods and materials sold		12		12
Selling and marketing costs		-		-
General management costs		207		176
In total		**219**		**188**

7. Financial instruments

Classification of financial assets

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

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

Valuation at initial recognition

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

Derecognition

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

Valuation at initial recognition

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

Debt instruments - financial assets valued at amortised cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial assets valued at fair value through trough financial results.

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

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

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

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

In a situation where the Group:

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

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

Value loss of financial assets

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

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

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

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

	31 December 2021			31 December 2020		
	Balance sheet value	Fair value		Balance sheet value	Fair value	Fair value hierarchy
Debt instruments valued at amortised cost,						
Cash	49 684	49 684		57 765	57 765	Item. 1
Trade receivables	38 706	38 706		32 293	32 293	Item. 3
Loans granted	20 000	20 000		20 000	20 000	Item. 3
Derivatives						
Financial instruments valued at fair value through trough financial results.	6	6		-	-	Item . 2
Financial liabilities valued at amortised cost						

Trade payables and other liabilities	39 528	39 528		22 172	22 172	Item . 3
Financial instruments valued at fair value through trough financial results	-	-		54	54	Item . 2

According to the Group's assessment, the fair value of cash, receivables and loans granted, financial liabilities and other liabilities does not differ materially from their carrying values mainly due to their short maturity.
In the period ended 31 December 2021, nor in the period ended 31 December 2020, there were no shifts between level 1 and level 2 of the fair value hierarchy, nor were any of the instruments moved from/to level 3 of the fair value hierarchy.

8. Shares in affiliates

Name (business name) of the entity, indicating the legal form	Registered Seat	Business Object	Balance sheet value of shares	percentage of the owned share capital
ULMA Cofraje S.R.L.	Bucharest Romania	sale and lease of formwork, sale of building materials	2 000	30,00

Basic data on the affiliate entity.

	31 December 2021		31 December 2020
Fixed assets	10 551		10 708
Current assets	7 674		8 282
Equity	7 581		8 232
Long-term liabilities	1 744		1 681
Short-term liabilities	8 900		9 077
Sales revenues	14 252		15 102
Net financial result	(489)		(165)

The share of ULMA Construccion Polska S.A. in the negative financial result of the associated company for 2021 was PLN 147 thousand. In the item "Share in profits (losses) in associated companies" in the consolidated profit and loss account, the depreciation write-off for the value of shares in the ULMA Cofraje company of PLN 500 thousand was also recognised.

9. Assets due to right of use

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

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

Assets due to right of use

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

Short-term leases and leases of low-value assets

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

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

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

Table of changes in the value of assets under the right of use for the period from 1 January to 31 December 2021

	Real estate	Means of transport	Forklifts	In total
GROSS VALUE				
As at 01 January 2020	**12 053**	**2 994**	**3 304**	**18 351**
Increases - change of payment	-	-	-	
Increases - new leasing objects	-	570	1 631	2 201
Increases – change of leasing contract	5 986	-	-	5 986
Decreases - ending a leasing contract	-	(396)	(1 565)	(1 961)
As at 31 December 2021	**18 039**	**3 168**	**3 370**	**24 577**
CONSILIDATED DEPRECIATION				
As at 01 January 2021	**4 244**	**1 224**	**1 775**	**7 243**
Depreciation for the period	2 195	861	781	3 837
Decreases - ending a leasing contract		(387)	(1 565)	(1 952)
As at 31 December 2021	**6 439**	**1 698**	**991**	**9 128**
NET VALUE				
As at 01 January 2021	**7 809**	**1 770**	**1 529**	**11 108**
As at 31 December 2021	**11 600**	**1 470**	**2 379**	**15 449**

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

	Real estate	Means of transport	Forklifts	In total
GROSS VALUE				
As at 31th December 2020	**12 009**	**2 470**	**1 662**	**16 141**
Increases - change of payment	44	-	-	44
Increases - new leasing objects	-	895	1 642	2 537
Decreases - ending a leasing contract	-	(371)	-	(371)
As at 30th December 2020	**12 053**	**2 994**	**3 304**	**18 351**
CONSILIDATED DEPRECIATION				
As at 31th December 2020	**2 108**	**702**	**716**	**3 526**
Depreciation for the period	2 136	853	1 059	4 048

Decreases - ending a leasing contract	-	(331)	-	(331)
As at 30th December 2020	**4 244**	**1 224**	**1 775**	**7 243**
NET VALUE				
As at 01 January 2020	**9 901**	**1 768**	**946**	**12 615**
As at 31 December 2020	**7 809**	**1 770**	**1 529**	**11 108**

10. Trade receivables and other receivables

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

The amount of VAT recovered for lack of repayment of receivables within 90 days from the date of payment are showed in the balance sheet item "Tax liabilities and other encumbrances". In 2021, the Group amended this rule and, in its consolidated financial statement drawn up as of 31 December 2021, this amount decrease gross trade receivables from unrelated parties. As of 31 December 2021, the amount of recovered VAT is PLN 2,585 thousand (as of 31 December 2020, this amount was PLN 2,916 thousand).

	As at:	
	31 December 2021	31 December 2020
Trade receivables from non-related parties	62 244	62 850
Write-off for expected credit losses	(33 817)	(35 680)
Net trade receivables	*28 427*	*27 170*
Other receivables	2 909	2 251
Write-off for expected credit losses	(597)	(266)
Other net receivables	*2 312*	*1 985*
Prepayments and accruals - active	235	479
Trade receivables from related parties	7 732	2 659
Receivables due to loan	20 000	20 000
Total trade receivables and other receivables	**58 706**	**52 293**
including:		
Long-term	-	20 000
Short-term	58 706	32 293

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

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

The net value of write-offs for expected credit losses increased by the amounts of written off receivables in the total amount of 1,723 thousand PLN (1, 450 thousand PLN in 2020) was recognised in other operating costs in the consolidated profit and loss account.

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

	12 months of 2021	12 months of 2020
Opening balance	**35 946**	**38 854**
Increases– Write-offs for expected credit losses	7 142	7 229
Use-up	(3 297)	(5 740)
Correction of the previous write-off	(5 372)	(2 482)
Exchange rate differences	(5)	(1 915)
Closing balance	**34 414**	**35 946**

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

11. Inventory

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

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

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

	As at:	
	31 December 2021	31 December 2020
Materials	4 038	4 066
Goods	5 066	3 769
Net inventory value	**9 104**	**7 835**
Updating write-off of inventory value	(689)	(403)
Net inventory value	**8 415**	**7 432**

12. Cash and cash equivalents

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

	As at:	
	31 December 2021	31 December 2020
Cash on hand and in bank	42 476	51 545
Short-term bank deposits	7 208	6 220
Total cash including:	**49 684**	**57 765**
Restricted cash, including:	833	936
- ZFŚS cash	102	131
- Cash on VAT accounts	731	805

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

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

	As at:	
	31 December 2021	31 December 2020
Cash and cash equivalents	49 684	57 765
Overdraft (note 15)	-	-
Środki pieniężne i ich ekwiwalenty wykazane w rachunku przepływów pieniężnych	**49 684**	**57 765**

13. Share Capital and supplementary capital

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

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

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

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

	Number of shares	Nominal share value	Surplus from the sale of shares above par value	In total
As at 01 January 2020	**5 255 632**	**10 511**	**114 990**	**125 501**
- Increases	-	-	-	-
- Decreases	-	-	-	-
As at 31 December 2020	**5 255 632**	**10 511**	**114 990**	**125 501**
- Increases	-	-	-	-
- Decreases	-	-	-	-
As at 31 December 2021	**5 255 632**	**10 511**	**114 990**	**125 501**

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

As at 31 December 2021, the Company's shareholder structure is as follows:

	Share capital		Votes at GSM	
	Number of shares	%	Number of votes	%
ULMA CyE, S. Coop	3 967 290	75,49	3 967 290	75,49
TFI Quercus S.A.	323 726	6,16	323 726	6,16
Dispersed shareholders	964 616	18,35	964 616	18,35
In total	**5 255 632**	100,00	**5 255 632**	100,00

14. Trade payables and other liabilities

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

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

	As at:	
	31 December 2021	31 December 2020
Trade liabilities to unrelated parties	25 508	16 556
Trade liabilities to related parties	8 443	625
Tax and other liabilities	3 218	4 745
Accruals of (passive costs)	4 642	3 537
Contractual liabilities	433	850
Other liabilities	503	603
Total Trade liabilities and other liabilities	**42 747**	**26 916**
Including		
Long-term	-	-
Short-term	42 747	26 916

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

15. Credits and loans

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

16. Liabilities due to the right of use (leasing)

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

Lease liabilities

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

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

The discounted lease liabilities as at 31 December 2021 are as follows:

Liabilities due within the period:	Real estate leasing	Passenger car leasing	Forklift truck leasing	Total lease liabilities
Up to 3 months	745	210	196	1 151
From 3 up to 12 months	1 417	596	603	2 616
From more than a year up to 5 years	5 472	719	1 653	7 844
More than 5 years	432	-	-	432
In total	**8 066**	**1 525**	**2 452**	**12 043**

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

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

In the year ended 31 December 2021, the Group incurred costs related to short-term leases and low value assets in the amount of PLN 3,540 thousand. There were no costs of variable lease payments, not included in the valuation of lease liabilities.

17. Deferred income tax

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

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

	As at:	
	31 December 2021	31 December 2020
Assets due to deferred income tax:	7 837	6 381
Provision for deferred income tax:	(11 503)	(10 723)
Compensation	2 013	2 064
Balance sheet value of an asset due to deferred income tax	5 824	4 317
Balance sheet provision due to deferred income tax	(9 490)	(8 659)

Deferred tax assets and liabilities in the consolidated statement of financial position as at 31 December 2021 were shown in amounts resulting from the offsetting of assets and liabilities at the level of each company in the Group.

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

	Statement of financial position		Profit and loss account	
	2021	2020	2021	2020
Provision due to deferred tax				
Tax depreciation	11 472	10 627	(845)	(2 379)
Unrealised foreign exchange differences	15	23	8	(16)
Other	16	73	57	132
In total	**11 503**	**10 723**	**(780)**	**(2 263)**
Assets due to deferred tax				
Valuation of the tangible fixed assets	3 795	2 524	1 271	(176)
Write-offs for expected credit losses	2 841	2 887	(46)	204
Provisions for costs	1 189	970	219	(37)
Unrealised foreign exchange differences	11	-	11	(21)
Exchange rate differences from the translation of balance			(162)	207
In total	**7 837**	**6 381**	**1 293**	**177**
(Charge)/recognition due to deferred income tax			**513**	**(2 086)**

18. Liabilities due to retirement benefits

Retirement severance pay

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

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

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

	As at:	
	31 December 2021	31 December 2020
Liabilities recognised in the statement of financial position due to:		
Pension benefits	349	372
In total	**349**	**372**

Change of balance sheet liability status:

	12 months 2021	12 months 2020
Provision for retirement benefits at the beginning of the period	372	300
Current employment cost	34	28
Interest cost	5	6
Actuarial gains and losses, net	(62)	38
Benefits paid-up	-	-
Provision for retirement benefits at the end of the period	**349**	**372**

19. Sales revenues

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

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

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

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

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

- **Identification of performance obligations**

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

- **Determination of the transaction price**

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

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

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

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

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

- The customer simultaneously receives and derives benefits from the performance as it is performed,
- As a result of the performance of the service, an asset is created or improved, and control over that asset is exercised by the customer as it arises or is improved,
- As a result of the performance of the performance, no component with an alternative use for the Group arises and the Group has an enforceable right to pay for the performance to date.

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

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

	12 months 2021	12 months 2020
Sales revenue from construction site support	153 712	144 841
Revenues from sales of goods and construction materials	56 139	45 802
Sales revenue in total	**209 851**	**190 643**

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

Revenues from sales in geographical terms are as follows:

Description of the item	12 months 2021	12 months 2020
Domestic sales revenues	125 852	131 176
Foreign sales revenues	83 999	59 467
Sales revenue in total	**209 851**	**190 643**

Revenue from sales to the entity controlling the Capital Group ULMA Construccion Polska S.A. in the 12-month period ended 31 December 2021 amounted to PLN 11,725 thousand (in 2020 - PLN -1 905 thousand).

20. Costs by type

	12 months 2021	12 months 2020
Depreciation of tangible, intangible assets and assets due to the rights of use	43 666	44 723
Employee benefits cost (note 20 a)	43 545	42 434
Use-up of resources, auxiliary materials and energy	11 995	11 798
Transport services	13 272	14 578
Rental and lease services	6 560	6 082
Renovation and maintenance works	5 941	6 452
Installation and construction services	248	574
Other services	14 541	13 633
Other costs	5 343	5 189
Value of products and materials sold	32 670	19 792
Costs by type In total, including:	**177 783**	**165 255**
Costs of benefits for own use	143	110
Costs of products, goods and materials sold	155 037	145 724
Selling and marketing costs	1 628	1 342
Management costs	20 975	18 079

20 a) Employee benefits costs		
Salary costs and costs of termination benefits	36 126	34 858
Costs of social insurance and benefits for employees	7 419	7 576
Total employee benefits costs	**43 545**	**42 434**

21. Other income and operational costs

21 a) Other operational income	12 months 2021	12 months 2020
Inventory surpluses	490	383
Gains on change in fair value of futures contracts	70	-
Compensations received - lost components of tangible and current assets	-	3
Sale and recovery of property, plant and equipment	681	1 052
Re-invoicing	437	357
Liabilities written off	-	110
Reimbursed process costs	12	4
Subsidies received	-	373
Other income	224	106
Other operational income in total	**1 915**	**2 388**

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

21 b) Other operational costs	12 months 2021	12 months 2020
Change in write-downs for expected credit losses and written off receivables	(1 723)	(1 450)
Loses on change in fair value of futures contracts	-	(222)
A write-off updating the value of tangible fixed assets	(166)	(474)
Updating write-off of inventory value	(275)	(69)
Other operating costs	-	(112)
Other operational income in total	**(2 164)**	**(2 327)**

22. Financial income and costs

Financial income and costs

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

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

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

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

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

22 a) Financial income		12 months 2021		12 months 2020
Interest on cash in bank account		290		392
Interest due to loan granted		455		343
Other financial income		144		1
Exchange rate differences		265		-
Total financial income		**1 154**		**736**

22 b) Financial costs				
Interest costs				
- bank loans		-		-
- right of use (leasing)		(581)		(578)
-other - due to delay in payment of liabilities		(3)		(13)
Total interest costs		**(584)**		**(591)**
Exchange rate differences		(16)		(744)
Total financial costs		**(600)**		**(1 335)**

22 c) Exchange rate gains/losses

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

		12 months 2021		12 months 2020
Sales revenues		(63)		421
Costs of products, goods and materials sold		(185)		346
Financial incomes		238		-
Financial costs		(17)		(744)
Razem zyski (straty) kursowe		**(27)**		**23**

23. Income tax

		12 months 2021		12 months 2020
Current tax		(7 404)		(2 635)
Deferred tax (note 17)		513		(2 086)
Total income tax		**(6 891)**		**(4 721)**

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

	12 months 2021	12 months 2020
Profit (loss) before tax	31 869	24 910
Non-tax revenues, including:	(300)	(331)
Unrealised exchange rate differences on loans	28	(372)
Compensation not received during the accounting period		-
Other	(328)	41
Permanently non-deductible costs, including	4 935	1 274
Representation costs	566	1 384
Previous years' costs	138	51
PFRON fees	293	326
Write-offs for expected credit losses	2 181	769
Recognition of write-offs for expected credit losses from previous years as temporary non-deductible costs	-	(2 002)
Other	460	210
25% of passenger car operating costs	797	536
Updating write-off of shares value	500	-
Deduction of tax losses from previous years	-	(604)
Tax losses in a subsidiary	40	-
Tax base	36 544	25 249
Charging the financial result on account of income tax	6 891	4 721

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

24. Dividend per share

Pursuant to Resolution No. 7 of the General Meeting of Shareholders of ULMA Construccion Polska S.A. of 06 May 2021, it was decided to allocate the entire net profit for the financial year 2020 in the amount of 11,205,424.56 and the amount of PLN 28,842.491.28 originating from the Company's reserve capital for the payment of dividends in the total amount of PLN 40,047,915.84, i.e. in the gross amount of PLN 7.62 (say: seven Polish zloty and 62/100) per share.
The dividend rights were set at 14 May 2021 and the dividend payment date at 28 May 2021.

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

25. Contingent items/guarantees

At the request of ULMA Construccion Polska S.A. mBANK granted one of the Company's suppliers a bank guarantee of performance of the lease agreement. The bank guarantee expires on 30/09/2022 and its amount

will change during the period of validity. The guarantee is related to the lease of the Logistics Centre in Gdańsk. The Company uses the Logistics Centre in Gdańsk under a long-term lease agreement.
As at the balance sheet date, the amount of the bank guarantee granted is PLN 3,593 thousand. On January 4, 2022, the value of the guarantee was increased to the amount of PLN 4,090 thousand.

26. Investment liabilities (off-balance sheet)

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

27. Profit per share

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

	12 months 2021		12 months 2020
Net profit attributable to equity holders of the parent entity	24 978		20 189
Number of ordinary shares as at the balance sheet date in pieces.	5 255 632		5 255 632
Weighted average number of ordinary shares in pieces.	5 255 632		5 255 632
Basic earnings (loss) per share (in PLN per share)	4,75		3,84
Diluted earnings (loss) per share (in PLN per share)	4,75		3,84

28. Material events and events after the balance sheet date

With regard to the invasion of the military forces of the Russian Federation in Ukraine on 24 February 2022, the Management Board of ULMA Construccion Polska S.A. ("Company") analysed the impact of this event on the activity of its subsidiary operating at the territory of Ukraine i.e. ULMA Opalubka Ukraina sp. z o.o. ("ULMA Ukraine").

The balance sheet items as of 31 December 2021 recognised in the financial statement for ULMA Ukraine along with their relation to the corresponding balance sheet items prepared for the consolidated data of the Capital Group as a whole are presented below.

Financial statement as of 31 December 2021 *Data in PLN thousand*	Consolidated data		ULMA Opalubka Ukraina sp. z o.o.		Share in %
ASSETS					
I. Non-current assets	283 518		37 260		13,1%
- including formwork systems	*190 021*		*34 937*		18,4%
II. Current assets	117 342		18 696		15,9%
Total assets	**400 860**		**55 956**		**14,0%**
EQUITY AND LIABILITIES					
I. Equity	335 434		42 264		12,6%
- Net profit for the financial period	*24 978*		*9 555*		*38,3%*
1. Non-current liabilities	18 051		-		-
2. Short-term liabilities	47 375		13 692		28,9%
Total liabilities	**65 426**		**13 692**		**20,9%**
Total equity and liabilities	**400 860**		**55 956**		**14,0%**

Following the conditions described in the International Financial Reporting Standards (IAS 10), the event occurred on 24 February 2022 related to the military attack of the Russian Federation on Ukraine was treated as the event after the balance sheet date that requires no adjustments to the amounts recognised in the consolidated financial statement of the Company and Group as of 31 December 2021, effects of which must be disclosed.

Thus, the balance sheet items, including in particular monetary and asset-related items in the scope of fixed assets and working capital are not adjusted against the original objectives, which are reflected in the projections of the financial results of the Capital Group for 2021 published in January 2022, excluding the establishment of an additional write-off for the expected credit losses of PLN 1,504 thousand.

In the face of current warfare, the operation of ULMA Ukraine remains limited. However the management of ULMA Ukraina remains in continuous contact with the clients of the Company, expressing its readiness to undertake the operating activities as soon as the warfare discontinues and to recover the engineering and building infrastructure damaged during the war.

In effect of the performed analyses, the Management Board of Zarząd ULMA Construccion Polska S.A. verified also the capacity to control and ensure safety of the ULMA Ukraine assets.

(a). in the case of the part of assets located in the ULMA Ukraine warehouses, it has been ensured that the warehouse locations remain protected. ULMA Ukraine has its warehouses in industrial areas which remain under additional professional protection of the owners of those areas.

(b). the assets held by the ULMA Ukraine customers are located on construction sites supervised and controlled by them.

These facts affect the opinion of the Management Board on the capacity to control and ensure safety of the ULMA Ukraine assets. Nevertheless, the Management Board cannot exclude the negative impact of the risk related to the escalation of military operations in Ukraine; however, its scale and scope will depend on which part of the territory of Ukraine will be affected by the possible escalation.

Estimated figures regarding the ULMA Ukraine balance sheet items and their estimated impact on the relevant balance sheet items of the Group as of 31.01.2022

Fixed assets:	PLN 36,769 thousand, representing 13.6% of the Group's fixed assets
Current assets:	PLN 23,300 thousand, representing 19.4% of the Group's current assets
Total assets:	PLN 60,069 thousand, representing 14.9% of the Group's total assets

Among the balance sheet items listed above, the largest one is the fixed and current assets of ULMA Ukraine used in operations on the territory of Ukraine, i.e. rental and sale of formwork systems.
In view of the current situation, the Management Board of ULMA Construcction Polska S.A. has analysed the geographical distribution of this equipment in the warehouses of ULMA Ukraine and on the construction sites operated by the Subsidiary. As a result of the analysis, the following data has been determined:

1. On the territories of the self-proclaimed republics of Lugansk and Donetsk, there are currently assets of ULMA Ukraine with a book value of approximately **PLN 0.2 million**, which represents merely **0.5%** of total assets held by the Subsidiary and only **0.1%** of total formwork-related assets owned by the Group.

Consequently, it should be stated that the risk associated with a probable event of loss of control and protection of formwork-related assets in this area by ULMA Ukraine, although relatively high, is insignificant in terms of the balance sheet items of the whole Group.

2. On the other hand, in the region located in the vicinity of the self-proclaimed republics of Lugansk and Donetsk, i.e. in the Odessa and Dnipropetrovsk regions, there are assets of ULMA Ukraine with a book value of approximately **PLN 8.1 million**, which represents approximately **23.4%** of total formwork-related assets held by ULMA Ukraine and **4.3%** of total formwork-related assets owned by the Group. These assets are located on construction sites operated by reliable Ukrainian customers or in warehouses in Odessa or Dnipropetrovsk, which are protected.

At the moment, due to the nature and time of the outbreak of this military conflict, estimating the complete impact of warfare in Ukraine on the future financial statement of ULMA Opałubka Ukraina and the consolidated financial statement of the Capital Group ULMA Construccion Polska S.A., and the values of assets provided above at risk of loss in value are the maximum values.
Nonetheless, the Management Board of ULMA Construccion Polska S.A. stated that this event does not affect the capacity to continue the operation by the Company and Group and therefore the financial statements of ULMA Construccion Polska S.A. and of the Capital Group ULMA Construccion Polska S.A. are drawn up with a view to continuation of operation by the Company and Group. The Management Board will monitor the situation and verify the adopted assumption on continuation of operation on an on-going basis.

29. Transactions with associated entities

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

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

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

The parent entity:

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

Subsidiaries:

- ULMA Opałubka Ukraina with its registered office in Kiev at ul. Naberezhno – Pechers´ka Doroga 7, established on 18 July 2001. It was registered in the Swiatoszynski Department of State Administration for the city of Kiev under number 5878/01 and received the identification code 31563803. The company's business is the sale and lease of formwork, sales of building materials. The share of the issuer in the capital and in the total number of votes is 100%.

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

- ULMA Construccion BALTIC sp. z.o.o with its registered office in Vilnius, ul. Justiniskie str. 126P, established on 27.04.2012. The company's business is the rental of scaffolding and formwork, wholesale and retail sale of scaffolding and formwork, sale and lease of other construction equipment and other commercial activities. The share of the issuer in the capital and in the total number of votes is 100%.

The Group also holds shares in an associate:

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

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

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

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

Settlement balances at the balance sheet date	Status per day	
	31 December 2021	31 December 2020
Trade receivables	**7 732**	**2 659**
Including		
- from the parent unit	315	740
- from the affiliate	103	5
- from other affiliates	7 314	1 914
Trade Liabilities	**8 443**	**625**
Including		
- to the parent unit	8 340	197
- to the affiliate	21	23
- to other affiliates	73	405

Sales and purchases from Group´s units	12 months 2021	12 months 2020
Sales	**26 227**	**6 907**
Including		
- to the parent unit	11 725	1 905
- to the affiliate	511	33
- to other affiliates	13 991	4 969
Purchases	**40 451**	**37 809**
Including		
- from the parent unit	38 853	36 618
- from the affiliate	134	89
- from other affiliates	1 464	1 102

Loans, interest, dividends	12 months 2021	12 months 2020
Loans paid-up– in thousands of PLN - ULMA CyE, S. Coop	20 000	-
Loans granted– in thousands of PLN - ULMA CyE, S. Coop	20 000	10 000
Income from loan interest in thousands of PLN	455	343

ULMA Construccion Poland S.A. granted to the parent company ULMA CyE, S. Coop a long-term loan 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), which is currently held by the lender on a lease basis. The offer to purchase the assets will only materialise if the borrower fails to repay the loan by the agreed date.

The loan was granted on market terms (fixed margin + WIBOR 1M) and its final repayment date was agreed by the parties as 31 July 2022.

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

The members of the Management Board and Supervisory Board of the parent company and members of the Management Board and Supervisory Board of the Issuer's subsidiaries and the Issuer's proxies are considered to be the key management personnel of the parent company and ULMA Group companies. In 2021 and 2020 neither the Group nor the companies of the Group granted any advances, loans, credits, guarantees and sureties to the managing and supervising personnel and their relatives, and no other agreements were concluded with them which would oblige them to provide services to the Company and its related entities.
As at 31 December 2021 and 31 December 2020, there were no loans granted by the companies of the Group to members of the management and supervisory bodies and their relatives.

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

In 2021, members of the Management Board and the Supervisory Board received remuneration including bonuses:

	12 months 2021	12 months 2020
Management Board of ULMA Construccion Polska S.A.		
Rodolfo Carlos Muñiz Urdampilleta	2 044	1 287
Giordano Weschenfelder	-	640
Andrzej Sterczyński	485	421
Krzysztof Orzełowski	411	367
Marek Czupryński (from 1 February 2021)	438	-
ULMA Opałubka Ukraina		
Dmitriv Lyakhovetskiy	352	337
ULMA Opałubka Kazachstan		
Ewgenij Chuchałow	131	108
ULMA Construccion BALTIC		
Vykintas Kuzmickas	326	293
Supervisory Board of ULMA Construccion Polska S.A.		
Michał Markowski	38	37

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

31. Information on average employment

	2021	2020
ULMA Construccion Polska S.A.	**334**	**365**
ULMA Construccion Polska S.A. Capital Group	**414**	**441**

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

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

Signature of the person entrusted with bookkeeping

Name and Surname:	Position	Signature
Henryka Padzik	Chief Accountant	

Koszajec, date 31 March 202