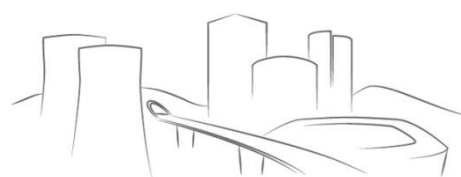


EXTENDED CONSOLIDATED REPORT

of

ULMA Construcción Polska S.A. GROUP

FOR Q1 ENDED 31 MARCH 2021



From the beginning of your projects



Contents

ULMA Construcción Polska S.A. GROUP	3
GENERAL INFORMATION	4
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	7
Consolidated profit and loss account and other comprehensive income.....	8
Consolidated statement of financial position	9
Statement of changes in consolidated equity	11
Consolidated cash flow statement	12
Statement of compliance and general principles of preparation	13
A. Conversion of selected financial data into euro.....	14
B. Achievements and factors affecting the financial performance	15
C. Overview of the Group	22
D. Management Board's position regarding forecasts.....	22
E. Major shareholders.....	22
F. Issuer's shares held by members of the management and supervisory bodies.....	23
G. Significant litigation.....	23
H. Related party transactions	27
I. Sureties and guarantees	28
J. Other material information	29
K. Factors affecting the future performance of the issuer	32
L. Segment information	35
M. Investor relations	36
ULMA Construcción Polska S.A.....	37
CONDENSED SEPARATE FINANCIAL STATEMENTS	37
Profit and loss account and other comprehensive income.....	38
Statement of financial position	39
Statement of changes in equity.....	41
Cash flow statement.....	42
Description of the major accounting principles applied	43
Conversion of selected financial data into euro.....	43



ULMA Construcción Polska S.A. GROUP



GENERAL INFORMATION

I **Objects of activity**

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

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

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

There were no changes in the business name of the parent company, ULMA Construcción Polska S.A., in the reporting period.

Primary place of business of the parent company: Koszajec 50, 05-840 Brwinów (Poland).

I **Registered address**

ULMA Construcción Polska S.A.

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

Koszajec 50

05-840 Brwinów

I **The parent company and the Group companies**

ULMA Construcción Polska S.A. Group is controlled by ULMA C y E, S. Coop. seated in Spain, which holds 75.49% of the Company shares. The remaining 24.51% of shares is held by multiple shareholders.

Members of ULMA Construcción Polska S.A. Group include:

ULMA Construcción Polska S.A. – the **parent company** of the Group responsible for management and administration of the entire Group, and for trade activities relating to products and services offered by the Group in the domestic market and in selected foreign markets,

ULMA Opałubka Ukraina Sp. z o.o. – a **subsidiary** responsible for trade activities relating to products and services offered by the Group in Ukraine,



ULMA Opaľubka Kazachstan Sp. z o.o. – a **subsidiary** responsible for trade activities relating to products and services offered by the Group in Kazakhstan,

ULMA Construccıon BALTIC sp. z o.o. – a **subsidiary** responsible for trade activities relating to products and services offered by the Group in the Baltic States (Lithuania and Latvia).

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

Members of supervisory and management bodies as of 31 March 2021 and as of the date of approving the report for publication

Supervisory Board

Aitor Ayastuy Ayastuy	Chairman of the Supervisory Board
Iñaki Irizar Moyua	Deputy Chairman of the Supervisory Board
Rafael Anduaga Lazcanoiturburu	Member of the Supervisory Board
Michał Markowski	Member of the Supervisory Board
José Joaquın Ugarte Azpiri	Member of the Supervisory Board until 6 May 2021
Eñaut Eguidazu Aldalur	Member of the Supervisory Board since 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 Muñız Urdampilleta	President of the Management Board
Marek Czupryński	Member of the Management Board since 1 February 2021
Krzysztof Orzełowski	Member of the Management Board
Ander Ollo Odriozola	Member of the Management Board
Andrzej Sterczyński	Member of the Management Board

Auditor

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością Sp. k.
Rondo ONZ 1
00-124 Warsaw

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

Banks

mBANK (formerly BRE Bank S.A.)
PEKAO S.A.

All the amounts are in PLN thousand, unless indicated otherwise



PKO Bank Polski S.A.
ING Bank Śląski
Banco de SABADELL (Spain)
Santander Bank Polska S.A.

I Listing

The Company has been listed on the Warsaw Stock Exchange (hereinafter referred to as the "WSE") since 21 May 1997.

WSE ticker: ULM.

LEI: 2594001DEARTIAMFJC93



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR Q1 ENDED 31 MARCH 2021



Consolidated profit and loss account and other comprehensive income

	Q1 2021	Q1 2020
Sales revenues	39,839	48,733
Cost of products, goods and materials sold	(34,570)	(36,970)
I. Gross profit on sales	5,269	11,763
Sales and marketing costs	(387)	(522)
Overheads	(4,813)	(5,369)
Other operating revenues	1,089	276
<i>Of which: reversal of impairment losses on receivables</i>	138	-
Other operating costs	(140)	(1,186)
<i>Of which: impairment losses on receivables</i>	-	(1,027)
II. Operating profit (loss)	1,018	4,962
Financial revenues	473	302
Financial costs	(406)	(462)
<i>Net financial costs</i>	67	(160)
Share in profits (losses) of affiliates	(176)	54
III. Profit (loss) before tax	909	4,856
Current income tax	(458)	(591)
Deferred income tax	258	(315)
IV. Net profit (loss) for the financial period	709	3,950
Other net comprehensive income subject to reclassification to profit (loss) in subsequent reporting periods		
Foreign exchange differences from the translation of financial statements of foreign subsidiaries	2,551	(807)
V. Comprehensive income for the financial period	3,260	3,143
Net profit attributable to shareholders of the parent company	709	3,950
Net profit attributable to non-controlling interest		-
Comprehensive income for the financial period attributable to shareholders of the parent company	3,260	3,143
Comprehensive income for the financial period attributable to non-controlling interest		-
Weighted average number of ordinary shares	5,255,632	5,255,632
Basic and diluted earnings (loss) per share for the financial period (PLN per share)	0.13	0.75

All the amounts are in PLN thousand, unless indicated otherwise



Consolidated statement of financial position

As of:

	31.03.2021 (not audited)	31.12.2020 (audited)	31.03.2020 (not audited)
ASSETS			
I. Fixed assets (long-term)			
1. Property, plant and equipment	242,906	245,734	260,565
2. Intangible assets	232	261	194
3. Shares in affiliates	2,035	2,211	2,314
4. Right-of-use assets	10,462	11,108	12,691
5. Deferred tax assets	4,337	4,317	4,387
6. Long-term loan receivables	40,000	20,000	-
Total fixed assets (long-term)	299,972	283,631	280,151
II. Current assets (short-term)			
1. Inventories	8,497	7,432	9,893
2. Trade receivables and other receivables	33,947	32,293	58,523
3. Income tax receivables	1,040	981	1,981
4. Derivatives	-	-	-
5. Cash and cash equivalents	60,343	57,765	45,200
Fixed assets classified as held for sale	-	8,590	
Total current assets (short-term)	103,827	107,061	115,597
Total assets	403,799	390,692	395,748

All the amounts are in PLN thousand, unless indicated otherwise



	31.03.2021 (not audited)	31.12.2020 (audited)	31.03.2020 (not audited)
EQUITY AND LIABILITIES			
I. Equity			
1. Share capital	10,511	10,511	10,511
2. Supplementary capital – share premium	114,990	114,990	114,990
3. Foreign exchange gains /losses on consolidation	(11,726)	(14,277)	(10,905)
4. Retained earnings, of which:	235,962	235,253	232,679
(a) Net profit (loss) for the financial period	709	20,189	3,950
Total equity	349,737	346,477	347,275
II. Liabilities			
1. Long-term liabilities			
a. Deferred income tax liabilities	8,315	8,659	6,796
b. Long-term pension liabilities	310	310	246
c. Long-term right-of-use liabilities (finance lease)	3,408	4,088	5,126
Total long-term liabilities	12,033	13,057	12,168
2. Short-term liabilities			
a. Derivatives	-	54	90
b. Short-term pension liabilities	62	62	54
c. Short-term liabilities due to factoring of trade liabilities	-	-	807
d. Current income tax liabilities	439	585	535
e. Short-term right-of-use liabilities (finance lease)	3,371	3,541	3,756
f. Trade liabilities and other liabilities	38,157	26,916	31,063
Total short-term liabilities	42,029	31,158	36,305
Total liabilities	54,062	44,215	48,473
Total equity and liabilities	403,799	390,692	395,748

All the amounts are in PLN thousand, unless indicated otherwise



Statement of changes in consolidated equity

Item	Share capital at nominal value	Share premium	Foreign exchange gains / losses on consolidation	Retained earnings	Total equity
As of 1 January 2020	10,511	114,990	(10,098)	228,729	344,132
Net profit in 2020	-	-	-	20,189	20,189
Other comprehensive income in 2020	-	-	(4,179)	-	(4,179)
Dividend payment	-	-	-	(13,665)	(13,665)
As of 1 January 2021	10,511	114,990	(14,277)	235,253	346,477
Net profit in Q1 2021	-	-	-	709	709
Other comprehensive income in Q1 2021	-	-	2,551	-	2,551
As of 31 March 2021	10,511	114,990	(11,726)	235,962	349,737

Item	Share capital at nominal value	Share premium	Foreign exchange gains / losses on consolidation	Retained earnings	Total equity
As of 1 January 2020	10,511	114,990	(10,098)	228,729	344,132
Net profit in Q1 2020	-	-	-	3,950	3,950
Other comprehensive income in Q1 2020	-	-	(807)	-	(807)
As of 31 March 2020	10,511	114,990	(10,905)	232,679	347,275

All the amounts are in PLN thousand, unless indicated otherwise



Consolidated cash flow statement

	Q1 2021	Q1 2020
Cash flows from operating activities		
Net profit for the financial period	709	3,950
Adjustments for:		
- Income tax	200	906
- Depreciation of tangible assets	9,651	9,984
- Amortisation of intangible assets	51	31
- Depreciation of right-of-use assets	1,035	965
- Net value of sold formworks – fixed assets	1,979	2,940
- (Gains)/losses on changes in fair value of financial instruments	(54)	158
- Change in the value of shares in related companies	176	(54)
- Interest collected	(250)	(237)
- Interest costs	172	171
- Foreign exchange (gains)/losses	903	255
Changes in working capital:		
- Inventories	(1,065)	(2,506)
- Trade receivables and other receivables	(1,654)	2,164
- Trade liabilities and other liabilities	11,241	590
	23,094	19,317
Purchase of formworks	(6,774)	(17,033)
Income tax paid	(663)	(3,382)
Net cash from operating activities	15,657	(1,098)
Cash flows from investing activities		
Purchase of property, plant and equipment	(851)	(1,353)
Proceeds from disposal of property, plant and equipment	9,114	2
Loans granted	(20,000)	-
Acquisition of intangible assets	(17)	(3)
Interest collected	250	237
Net cash from investing activities	(11,504)	(1,116)
Cash flows from financing activities		
Repayment of credits and loans	-	-
Finance lease payments	(1,240)	(1,134)
Interest paid	(172)	(171)
Net cash from financing activities	(1,412)	(1,305)
Net increase (decrease) in cash	2,741	(3,519)
Beginning cash	57,765	48,970
Foreign exchange (losses)/gains on measurement of cash	(163)	(251)
Closing cash	60,343	45,200

All the amounts are in PLN thousand, unless indicated otherwise



Notes to the consolidated financial statements

Statement of compliance and general principles of preparation

These condensed consolidated financial statements for the period of 3 months ended 31 March 2021 were prepared as required by IAS 34 "Interim Financial Reporting" and the Ordinance of the Minister of Finance of 29 March 2018 on current and interim disclosures to be made by issuers of securities and the conditions for recognising information whose disclosure is required under the laws of a non-member state as equivalent and present the financial situation of ULMA Construcción Polska S.A. Group as of 31 March 2021, its operating results and cash flows for the period of 3 months ended on 31 March 2021.

These consolidated financial statements were prepared based on the assumption that the Group companies would continue as a going concern in the foreseeable future. With regard to the Covid-19 outbreak, the Management Board prepared and analysed the Group's projected cash flows and concluded that there was no material uncertainty with respect to the going concern assumption of the Group companies for the foreseeable future, i.e. at least for the next 12 months.

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

These interim condensed consolidated financial statements are presented in the Polish złoty ("PLN") and, unless specified otherwise, all amounts are given in thousands of PLN.

The Group prepared the interim condensed consolidated financial statements based on the same accounting principles as described in the audited consolidated financial statements as of 31 December 2020. The interim financial statements as of 31 March 2021 should be read together with the audited consolidated financial statements as of 31 December 2020 published on 1 April 2021.

These consolidated financial statements were approved for publication by the Management Board on 13 May 2021.

Exchange rates and inflation

	Average PLN exchange rates published by the NBP				Change in the CPI published by Statistics Poland
	UAH (hryvnia – Ukraine)	RON (leu – Romania)	KZT (tenge – Kazakhstan)	EUR (euro)	
31 March 2021	0.1427	0.9462	0.009340	4.6603	2.7%
31 December 2020	0.1326	0.8767	0.008767	4.6148	3.4%
31 March 2020	0.1508	0.9428	0.009428	4.5523	4.5%

All the amounts are in PLN thousand, unless indicated otherwise



Additional information to the quarterly report

A. Conversion of selected financial data into euro

ITEM	PLN thousand		EUR thousand	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020
Net revenues from sales of products, goods and materials	39,839	48,733	8,714	11,085
Operating profit (loss)	1,018	4,962	223	1,129
Profit (loss) before tax	909	4,856	199	1,105
Net profit (loss)	709	3,950	155	898
Net cash flows from operating activities	15,657	(1,098)	3,425	(250)
Net cash flows from investing activities	(11,504)	(1,116)	(2,515)	(254)
Net cash flows from financing activities	(1,412)	(1,305)	(309)	(297)
Net cash flows	2,741	(3,519)	599	(801)
Diluted earnings per ordinary share (PLN/EUR)	0.13	0.75	0.03	0.17
Basic earnings per ordinary share (PLN/EUR)	0.13	0.75	0.03	0.17
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
Total assets	403,799	390,692	86,647	84,661
Liabilities	54,062	44,215	11,601	9,581
Long-term liabilities	12,033	13,057	2,582	2,829
Short-term liabilities	42,029	31,158	9,019	6,752
Equity	349,737	346,477	75,046	75,080
Share capital	10,611	10,511	2,255	2,278
Weighted average number of shares	5,255,632	5,255,632	5,255,632	5,255,632
Number of shares as of the balance sheet date	5,255,632	5,255,632	5,255,632	5,255,632
Carrying amount per share (PLN/EUR)	66.55	65.92	14.28	14.28

The individual items of assets as well as equity and liabilities were converted into EUR at the average exchange rates published by the President of the National Bank of Poland, valid as of the balance sheet date. The average exchange rate of EUR as of 31 March 2021 was PLN 4.6603, and as of 31 December 2020 – PLN 4.6148.

The items of the statement of comprehensive income and the items of the cash flow statement were converted at a rate being the arithmetic mean of exchange rates valid in a specific period, i.e. data from 1 January to 31 March 2021 were converted at the exchange rate of PLN/EUR 4.5721, while the data for the corresponding period of 2020 were converted at the exchange rate of PLN/EUR 4.3963.



B. Achievements and factors affecting the financial performance

The issuer's significant achievements or failures in the reporting period, including a list of key events related to them; as well as description of factors and events, in particular of unusual nature, having a significant impact on the issuer's financial performance

I Market environment in Poland

The latest data show a strong rebound in activity in Polish industry. Sold industrial production increased by nearly 19% y/y in March 2021, which much exceeded the economists' consensus. Such a high growth rate mainly resulted from a very low comparative base (the onset of the COVID-19 pandemic in Europe). The leaders in terms of growth are segments with a high share of production for export.

According to the preliminary data from Statistics Poland, after a nearly 17% decline in February 2021, a 10.8% drop in construction and installation production was recorded in March 2021, which consisted of an adjustment by over 14% in the segments of engineering and construction companies and a decline by 1.7% in the group of specialised companies. Statistics Poland estimates that in Q1 2021 the growth rate of construction and installation production in companies with more than 9 employees decreased by 11.2% in nominal terms (y/y).

In Q1 2021, compared to the corresponding period in the previous year, respective segments of the construction market reported the following growth rates:

- **Non-residential construction** - according to the latest preliminary data, Q1 2021 saw further declines in the growth rate of construction and installation production in this segment. The weakest performance was reported with regard to cultural and educational facilities (-25.6% y/y) and commercial and service buildings (-23.8% y/y). In Q1 as a whole, the best performance was reported with regard to transport and communications buildings (up by 15.5%). The entire non-residential segment went down by 19.5% y/y in Q1.
- **Civil engineering** - in the area of civil engineering as a whole, Q1 saw a decrease by 6.3% y/y. Production growth was reported only in two segments: in construction of bridges, roads, flyovers and tunnels (by 4.2% y/y) and in railway construction (increase by 2.1% y/y). Other segments of civil engineering reported declines in production in Q1.
- **Residential construction** – Q1 2021 was a period of a decline in production in the residential construction segment. According to the preliminary data for Q1 2021, production growth rate for companies with more than 9 employees dropped by 6.6% y/y.
- **Industrial construction** – the segment comprising construction of industrial facilities also saw a decline in production. It reached 17% y/y in Q1 2021. The only area reporting an increase in production in Q1 (2.8% y/y) was water construction. In the segment comprising industrial and warehouse construction and in the case of complex buildings on industrial sites, the decrease in production in Q1 was 15.7% y/y and -23.5% y/y, respectively.

Production in sectors considered crucial by the Group is presented in the table below:



Analysis of market data relevant for ULMA operations (PLN million) – Statistics Poland/Spectis

Sector	Q1 2021*)	Q1 2020**)	% y/y
Residential sector	3,845	4,119	-6.6%
Non-residential sector	3,558	4,421	-19.5%
Civil engineering sector (bridges, overpasses, flyovers, tunnels)	554	532	4.2%
Industrial sector	3,366	4,054	-17%
Total sectors in which ULMA CONSTRUCCION POLSKA S.A. operates	11,323	13,126	-13.7%

*) estimated data

***) final data for Q1 2020 published by Statistics Poland

Market environment abroad

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

UKRAINE

Q1 2021 in Ukraine saw a continuation of the overall positive market trends dating back to Q3 2020. The absorptive capacity of the construction segment for the services offered by the subsidiary operating in Ukraine even exceeded our expectations, as despite the difficult weather conditions in the first two months of 2021, which physically slowed down works on many construction sites, the economic situation and market sentiments seem encouraging.

Market participants confirmed their readiness to start the planned projects and contracted equipment for them. In line with our expectations, one of the largest investors in 2021 will remain the Ukrainian government, which is trying to keep Ukraine's economy strong through the implementation of large state **infrastructure** programmes. In Q1 2021, multiple tenders were held and contractors for a number of major road and bridge structures, defence facilities and significant sports facilities were selected. Contractors were also selected for the construction of Dnipro Airport, including, to our satisfaction, many of our key customers.

Higher prices on global commodity markets also had a positive impact on the development of construction in the **industrial** segment, as industrial enterprises in Ukraine, under pressure from rising prices, have been gradually launching technical modernisation programmes that were put on hold in the past due to the outbreak of the COVID-19 pandemic and the resulting crisis. The same applies to energy and alternative energy projects.

In **residential** construction, the demand was stable, although it came under pressure in Q1 2021 due to difficult weather conditions. However, given its stable condition, this segment can be considered one of the key drivers of the Group's operations in Ukraine.

Q1 2021 also saw a slight growth in the **commercial and office** real estate market. Last year, this segment remained in regression due to the outbreak of the COVID-19 pandemic and the changes in living and

All the amounts are in PLN thousand, unless indicated otherwise



working patterns. Thus, it can be expected that the next quarters of 2021 will bring positive growth in this market segment due to the low base effect.

LITHUANIA

In Q1 2021, the real change in Lithuania's GDP was 1.8%, despite expectations of continuation of the negative impact of the COVID-19 pandemic on the economy this year.

In March 2021, annual inflation in Lithuania rose to 1.6%, i.e. to the highest level in the last 12 months, with inflation in February 2021 at 0.6%. In March 2021, prices of construction materials and services increased by 0.4% (1.8% y/y). The overall change in construction prices was mainly due to the increase in the prices of construction materials and products (by 1.3%), while average gross hourly earnings rose by 1.7%.

The increasingly notable inflationary tendencies in the costs of labour and construction materials translated into higher prices of contractor services in the construction sector. The largest monthly increase in prices was reported in construction of non-residential buildings (up by 0.9%). The costs of construction of residential buildings grew by 0.4%, while the costs of construction of civil engineering structures decreased by 0.1%. On the other hand, with regard to the costs of construction of buildings and structures, the largest price increase was seen in construction of non-residential buildings (by 2.9%), while the prices of construction of residential buildings went up by 2.3%.

In such inflationary context, Q1 2021 seemed very promising for the Lithuanian construction market. The large increase in real estate sales compared to the previous year supports expectations for significant growth in this market segment throughout 2021. This trend is confirmed by the large number of the recently announced new tenders.

As a result of the economic crisis caused by the COVID-19 pandemic, the level of prices of formwork services offered by the Group last year was relatively low; currently, in the face of quickly recovering demand for such services following new tenders, the level of bid prices shows an upward trend. Moreover, a significant increase in the prices of timber, steel and aluminium (i.e. the basic components of formwork production), visible in the recent months, should soon provide an additional boost to correct the prices of services offered by formwork companies.

KAZAKHSTAN

In Q1 2021, the overall GDP growth rate in Kazakhstan was negative at - 1.6%. The growth in respective segments was as follows:

- industry: +0.1%
- construction: +13.1%
- transport and storage: -17.4%

In Q1 2021, due to a delay in the construction program, the city of Almaty terminated the contract with its previous contractor, who was building a major junction using ULMA's formwork park acquired from ULMA in the past. As a result, the State Treasury announced a tender and a contract was signed with a new contractor, who will have to accelerate the works to meet the deadlines imposed by the investor. This fact may present a good opportunity for the subsidiary in Kazakhstan, which has full knowledge of the project and has the project-appropriate formwork on site.

All the amounts are in PLN thousand, unless indicated otherwise



In Q1 2021, preparatory works also began for the construction of a bridge to be built using monolithic technology in the capital, Nur-Sultan. Despite the fact that formwork suppliers have not yet been selected, the Group stands a good chance of taking part in the implementation of this project.

Operating margin

In Q1 2021, the Group's operating profit was PLN 1,018 thousand compared to PLN 4,962 thousand achieved in the corresponding period in the previous year.

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

	Q1 2021	2020	Q1 2020
Sales	39,839	154,551	48,733
EBIT	1,018	12,995	4,962
% of sales	2.55%	8.41%	10.18%
Depreciation and amortisation	10,737	40,411	10,980
EBITDA	11,755	53,406	15,942
% of sales	29.51%	34.56%	32.71%

In Q1 2021, the Group recorded a decrease in EBITDA in absolute terms by PLN 3,944 thousand compared to the level achieved in Q1 2020, resulting in a decrease in EBITDA expressed as a sales percentage by 3.20 percentage point. The main reason for the decrease of this ratio in the analysed period of Q1 2021 was the unfavourable market environment in Poland, in particular for private construction, during the so-called third wave of the COVID-19 pandemic, which effectively prevented many private investors from launching new projects. In addition, unfavourable weather conditions, in particular in February 2021, resulted in the delay of concrete works on many construction sites. Also important was the low base effect, as the sales performance of the Group in the corresponding period of Q1 2020 had been achieved before the outbreak of the COVID-19 pandemic.

Under "Other operating costs", the Group recognises the excess of estimated credit losses due to impairment of receivables plus the value of written-off receivables over revenues from reversal of the estimated losses. When the revenues from reversal of estimated credit losses exceed the impairment losses on receivables recognised in a given period, the difference is disclosed under "Other operating revenues". Thus, in Q1 2021, the Group recognised PLN 138 thousand under "Other operating revenues" and in Q1 2020, the amount of PLN 1,027 thousand was recognised under "Other operating costs".

In addition to the above, "Other operating revenues" include the effects of property management (inventory differences, scrapping, recovered assets etc.) and revenues from re-invoicing, as well as the profit from the disposal of part of the plot in Koszajec, about which the Management Board informed in current reports.



In Q1 2021, the Group created revaluation write-offs for inventories, amounting to PLN 137 thousand. In the reporting period, the Group did not create any revaluation write-offs due to impairment of property, plant and equipment or intangible assets. There were also no reversals of such write-offs.

I Foreign exchange risk hedging transactions

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

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

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

I Financial costs and other comprehensive income

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

As of 31 March 2021, the value of granted long-term loans amounted to EUR 1,800 thousand. In accordance with the principles of International Accounting Standards (IAS 21), these loans are treated as "net investment in a foreign operation" and, therefore, any exchange rate differences related to them are recognised under "Statement of changes in consolidated equity" and "Other comprehensive income".

In Q1 2021, the total value of exchange rate differences included in the above-mentioned statements was positive and amounted to PLN 2,551 thousand, of which:

- PLN 82 thousand are positive exchange rate differences related to the above-mentioned "net investment" (loans granted) in subsidiaries. Exchange rate differences on settlement measurement as of the balance sheet date are recognised as "Equity" and then, in later periods, realised exchange rate differences are recognised in the consolidated profit and loss account following repayment of the loan taken by the subsidiary,
- PLN 2,469 thousand are positive foreign exchange differences resulting from changes in exchange rates of local currencies to PLN, affecting the conversions of financial statements of subsidiaries operating abroad.

In Q1 2020, these amounts were as follows:

- PLN 560 thousand due to positive exchange rate differences related to "net investment in a foreign operation"; and
- - PLN 1,367 thousand due to negative foreign exchange differences resulting from changes in exchange rates of local currencies to PLN, affecting the conversion of financial statements of subsidiaries operating abroad.



The table below presents exchange rates against PLN for 3 currency pairs, the change of which affected the measurement of financial statements of subsidiaries in the consolidated financial statements of the Group.

	31 December 2020	31 March 2021	Change %	31 December 2019	31 March 2020	Change %
UAH/PLN	7.54	7.01	-0.07%	6.24	6.63	6.25%
KZT/PLN	87.67	93.40	6.53%	99.16	94.28	-4.92%
PLN/EUR	4.61	4.66	1.08%	4.26	4.55	6.81%

In the analysed period, i.e. Q1 2021, Ukrainian currency (UAH) slightly strengthened by about 0.07% and Kazakh currency (KZT) slightly weakened by 6.53% against PLN. PLN also weakened against EUR by 1.08%. This contributed to the positive exchange rate differences resulting from translation of the financial statements of subsidiaries operating abroad.

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

In Q1 2021, the Group neither created any impairment losses on financial assets nor did it reverse them.

Net financial profit (loss)

After income tax, the Group generated a net financial profit of PLN 709 thousand in Q1 2021, compared to the net financial profit of PLN 3,950 thousand achieved in the corresponding period a year ago.

Cash flows

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



	Q1 2021	Q1 2020
Net profit (loss)	709	3,950
Depreciation and amortisation	10,737	10,980
Total financial surplus	11,446	14,930
Other items of net cash flows form operating activities	4,211	(16,028)
Net cash from operating activities	15,657	(1,098)
Net cash from investing activities	(11,504)	(1,116)
Net cash from financing activities	(1,412)	(1,305)
Net cash	2,741	(3,519)
Foreign exchange (losses)/gains on measurement of cash and overdraft facility	(163)	(251)
Change in the balance of cash and overdraft facilities	2,578	(3,770)

Cash flows from operating activities

In Q1 2021, the Group achieved a positive financial surplus (net profit + depreciation/amortisation) of PLN 11,446 thousand.

In the same period, cash from operating activities amounted to PLN 15,657 thousand compared to PLN (1,098) thousand in the corresponding period in the previous year.

In Q1 2021, the Group continued investment purchases in the formwork and scaffolding group mainly to supplement the portfolio of the offered products necessary to provide services on the construction market, which has been growing for several years in Poland, in particular in the bridge segment. As a result, investment expenses in Q1 2021 related to the acquisition of property, plant and equipment in the group of formwork and scaffolding systems amounted to PLN 6,774 thousand compared to PLN 17,033 thousand in the corresponding period of 2019.

Cash flows from investing activities

Cash flows from investing activities mainly consist of expenses related to granting a loan to the parent company (PLN 20,000 thousand) and proceeds from the disposal of fixed assets, including a part of the plot in Koszajec for PLN 9,068 thousand..

Cash flows from financing activities

With regard to financing activities in Q1 2021, the Group mainly incurred expenses due to repayment of finance lease instalments by the parent company (PLN 1,240 thousand).

As a result, during Q1 2021 the Group's cash increased by PLN 2,578 thousand to PLN 60,343 thousand as of 31 March 2021.

Employment information

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



	Q1 2021	2020	Q1 2020
ULMA Construcción Polska S.A.	338	365	370
ULMA Construcción Polska S.A. Group	415	441	448

C. Overview of the Group

Organisational changes of ULMA Construcción Polska S.A. Group; consolidated companies

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

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

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

D. Management Board's position regarding forecasts

Management Board's position on the feasibility of meeting any previously published forecasts for the given year in the light of the performance presented in the report relative to forecast results

On 16 April 2020, in report No. 11/2021, the Issuer's Management Board published preliminary estimates of selected financial and operating data of ULMA Construcción Polska S.A. Group concerning total sales revenues and sales revenues in respective segments of the Group's operations. The table below contains a comparison of the released preliminary estimates and the actual data reported in the analysed 3 months of 2021.

	Forecast	Performance	Difference
Sales revenues, of which:	39,839	39,839	-
- construction site services	27,541	27,541	-
- sales of construction materials	12,298	12,298	-
EBITDA (net profit + depreciation/amortisation)	11,755	11,755	-
Net profit	709	709	-
Net cash position (cash + loans granted)	100,343	100,343	-

E. Major shareholders

Indication of shareholders owning directly or indirectly through subsidiaries at least 5% of the total number of votes at the General Meeting of the issuer as of the report submission date and indication of changes in the ownership structure of



significant issuer's share packages from the date of submission of the previous interim report

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

- **ULMA C y E S, Coop.** (Spain) holding directly 3,967,290 shares in ULMA Construcción Polska S.A., accounting for 75.49% of the Company's share capital and conferring the right to 3,967,290 votes, or 75.49% of the total vote, at the General Meeting,
- **Quercus TFI S.A.** holding 323,726 shares in ULMA Construcción Polska S.A., accounting for 6.16% of the Company's share capital and conferring the right to 3,323,726 votes, or 6.16% of the total vote, at the General Meeting.

F. Issuer's shares held by members of the management and supervisory bodies

Issuer's shareholding structure and rights held by members of the issuer's management and supervisory bodies as of the date of submission of this report, and changes in shareholding structure in the period from the date of submission of the previous interim report separately for each of these persons, in accordance with the information held by ULMA Construcción Polska S.A.

According to the information held by ULMA Construcción Polska S.A., there have been no changes in ULMA Construcción Polska S.A. shareholding structure or rights (options) with regard to such persons since the submission of the previous report.

No member of ULMA Construcción Polska S.A. management or supervisory body holds the issuer's shares.

G. Significant litigation

Material court, arbitration or administrative proceedings related to liabilities and receivables of the issuer or its subsidiary, with an indication of the subject matter of the proceedings, the disputed amount, the date of initiation of the proceedings, parties to the proceedings and the issuer's position

Proceedings concerning receivables of ULMA Construcción Polska S.A. as of 31 March 2021:

ULMA Construcción Polska S.A. conducts 45 court proceedings concerning receivables (as of 31 March 2021), the total value of which is PLN 19,287 thousand. These are court proceedings which have not yet been completed with a final writ of execution issued by the court, and receivables from debtors, against whom the court issued a bankruptcy order (liquidation, arrangement) or a reorganisation order.

No court proceedings to which ULMA Construcción Polska S.A. is a party exceed 10% of the Company's equity.



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

Item	Number of proceedings	Balance as of 31-03-2020	Date of initiation of proceedings	Current status of the case
Court proceedings	1	451		
ANBUD Anna i Andrzej Swuliński Spółka cywilna		451	October 2020	<p>On 7 August 2020, based on the provisions of the Act of 19.06.2020 on subsidization of interest on bank loans granted to entities affected by COVID-19, simplified restructuring proceedings of the shareholders of ANBUD were initiated. On 15 December 2020, the District Court in Poznań rejected the debtors' petition for approval of the arrangement.</p> <p>At the same time, the Company filed two suits for payment of receivables with the Regional Court in Poznań against the partners, one of which has already ended with a valid order for payment. As part of the pending enforcement proceedings, a compulsory mortgage was established on the real estate of one of the debtors (in the second place) and receivables were seized.</p> <p>In February 2021, the Company received approximately PLN 140 thousand from one of the investors as a direct payment for the debtor (public contract).</p> <p>Notwithstanding the above, seeing the debtors' actions aimed at "escaping" with the assets, the Company filed a report to the District Prosecutor's Office in Pruszków of a suspected offence by the partners of ANBUD. The case is pending.</p>
Total	1	451		100% of all claims
Item	Number of proceedings	Balance as of 31 March	Date of initiation of proceedings	Current status of the case
Bankruptcy proceedings	44	18,836		
<i>including the 5 largest cases:</i>				
HYDROBUDOWA POLSKA SA		6,602	September 2012	The claim was notified to the receiver. The Company is awaiting the completion of the bankruptcy proceedings.
RADKO Sp. z o.o.		3,965	August 2012	On 20 January 2016, the court converted the initially declared arrangement bankruptcy into liquidation bankruptcy. Regardless of the claim notified in the bankruptcy proceedings, the Company is a party to several different proceedings at the same time. They include in particular the enforcement proceedings against one of the guarantors (former member of the Debtor's management board). As part of the proceedings, several enforcement proceedings have been carried out against land properties (the funds from the last of them, amounting to PLN 140 thousand, were received by the Company in October 2020) and enforcement against the Debtor's shares in another company (currently pending).

All the amounts are in PLN thousand, unless indicated otherwise



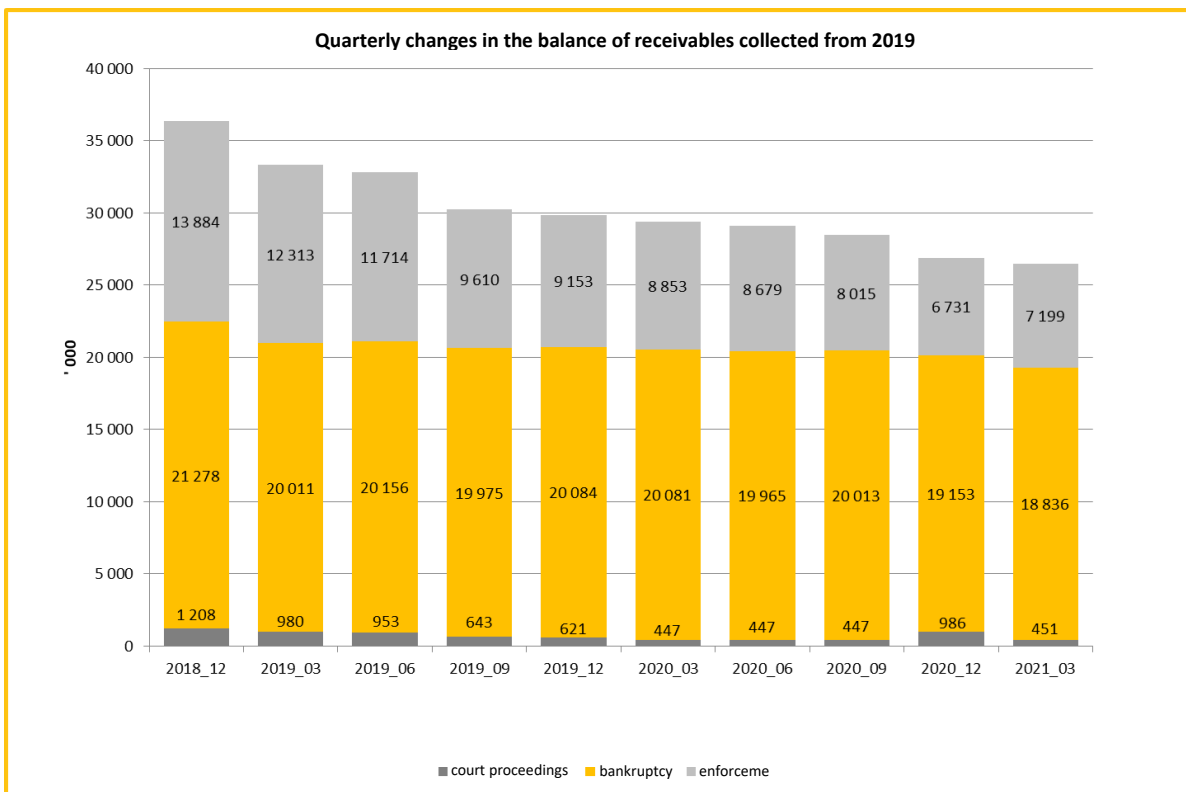
HENPOL Sp. z o.o.		1,010	January 2014	The claim was notified to the receiver. The Company is awaiting the completion of the bankruptcy proceedings.
Gotowski – Budownictwo Komunikacyjne i Przemysłowe Sp. z o.o.		873	June 2018	On 22 June 2018, the District Court in Bydgoszcz issued a decision on opening recovery proceedings against the Debtor. Considering that the Company cooperated with the Debtor on three public contracts (contracts submitted to investors under the Public Procurement Law), the Company is trying to recover its receivables directly from the investors. The first investor paid the amount due (PLN 197 thousand) in July 2019. The second investor paid the amount due to the Company to the court deposit (PLN 273 thousand), which the Company is trying to recover through court proceedings (the Debtor filed a complaint against the court's decision on deposit withdrawal). The third investor was sued by the Company for payment (PLN 362 thousand) and the case is pending.
KROKBUD Sp. z o.o.		758	April 2016	On 16 November 2017, the Court converted the existing arrangement proceedings into bankruptcy proceedings involving the liquidation of the Debtor's assets. The Company notified its claim to the receiver. To date, the Company has not received any payments in the course of the pending bankruptcy proceedings. In October 2020, the Company received an amount of PLN 105 thousand, following the conclusion of the court proceedings, as compensation for the failure to notify the public investor of the lease agreement between the Company and the Debtor. The received amount forms part of the total debt. The Company will consider filing a statement of claim for the remaining amount of the debt while analysing the chances of success of such claim.
Total		13,208		70% of all claims
Total pending proceedings	45	19,287		

All the amounts are in PLN thousand, unless indicated otherwise



In addition to the court cases described above, the Company is a party to other debt collection proceedings. These are primarily pre-trial proceedings and at the stage of debt enforcement. Currently, the Company has 69 proceedings in these categories on its balance sheet, with the total value of PLN 7,199 thousand. The total balance of recovered receivables (at the in-court and out-of-court stage) in the balance sheet, as of 31 March 2021, included 114 cases amounting in total to PLN 26,486 thousand.

The change in the value of receivables in collection from 2019 to the date of this report is presented in the chart below:



It should be pointed out that in Q1 2021, unlike in the previous two years, the Company reported a slight increase in the collected receivables (without taking into account the reduction in the balance due to the write-off of receivables). Nevertheless, this insignificant increase does not change the trend observed since 2019, indicating good efficiency in the monetisation of bad debts or non-performing receivables.

	Q1 2021	2020	2019
Receivables in collection at the beginning of the period	26,870	29,856	35,963
written off during the period	(436)	(2,399)	(5,520)
payments during the period	(233)	(1,738)	(1,358)
new collections during the period	285	1,150	771
Receivables in collection at the end of the period	26,486	26,870	29,856
<i>new collection - payment as per balance</i>	52	(588)	(587)

All the amounts are in PLN thousand, unless indicated otherwise



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

Proceedings concerning receivables of subsidiaries as of 31 March 2021:

As of the balance sheet date, a total of 15 court cases for the value of PLN 3,530 thousand were reported in the subsidiaries, of which:

- 11 cases for the value of PLN 1,009 thousand, which were at the court stage,
- 4 cases for the value of PLN 2,521 thousand, concerning reorganisation and bankruptcy proceedings.

The bankruptcy proceedings of one of the debtors of a subsidiary ULMA Construcción BALTIC sp. z o.o. are still the largest of the court proceedings in subsidiaries (the equivalent of debt as of the balance sheet date is PLN 2,186 thousand).

In addition to the court claims described above, in the balance sheet of ULMA Opałubka Ukraina sp. z o.o. (there are no such items in other subsidiaries), there are also 29 accounts receivable with a total value of PLN 5,523 thousand, collected mainly at the pre-trial stage. It is also worth noting that in Q1 2021, similarly as in H2 2020, the subsidiary ULMA Opałubka Ukraina sp. z o.o. managed to reduce the balance of bad debts by approximately PLN 237 thousand (from the balance of PLN 5,760 thousand at the end of 2020, respectively). This was due to repayment from one of the main debtors of ULMA Opałubka Ukraina sp. z o.o., carried out under the agreement concluded with the debtor.

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

The Group recognises impairment losses on all non-performing receivables and receivables under litigation. They are recognised as "Other operating costs" and their amount corresponds to estimates of the possibility of recovering receivables as part of court and debt enforcement proceedings.

H. Related party transactions

Information about one or more transactions concluded by the issuer or any of its subsidiaries with related parties, which were concluded on conditions other than the arm's length principle, with an indication of their amount, including in particular:

- a) Information on the counterparty to the transaction,
- b) Information on the issuer's or any of its subsidiaries' links with the counterparty to the transaction,
- c) Information on the subject matter of the transaction,
- d) Material terms of the transaction,
- e) Any other information concerning the transaction that is relevant to understanding the issuer's assets, financial standing and financial performance,



f) Any changes to related party transactions described in the last annual report which could have had a material effect on the issuer's assets, financial standing and financial performance

Transactions concluded in Q1 2021 by ULMA Construcción Polska S.A. and its subsidiaries with related parties were of standard and routine nature, they were concluded at an arm's length basis, and their nature and terms and conditions resulted from ongoing operations.

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

- purchase of formworks and scaffoldings and services of formwork and scaffolding lease with a total value of PLN 4,164 thousand,
- other purchases amounting in total to PLN 814 thousand.

In the last 12 months (from 1.04.2020 to 31.03.2021), the value of the above transactions amounted to:

- purchase of formworks and scaffoldings and services of formwork and scaffolding lease with a total value of PLN 20,331 thousand,
- other purchases amounting in total to PLN 3,067 thousand.

In addition to trade transactions, in the previous periods ULMA Construcción Polska S.A. advanced long-term and short-term loans to its related parties. A summary of the granted loans according to the outstanding balance as of 31.03.2021 and as of 31.12.2020 is presented in the table below.

Related party – long-term loans	Value of the loan 31.03.2020	Value of the loan 31.12.2020
ULMA Construcción BALTIC (EUR thousand)	2,100	2,100
Related party – long-term loans	Value of the loan 31.03.2021	Value of the loan 31.12.2020
ULMA CyE S.Coop. (PLN thousand)	40,000	20,000

The long-term loans advanced to subsidiaries are treated as net investments in such subsidiaries.

Unrealised foreign exchange differences arising from the measurement of the above long-term loans are recognised directly in the Group's equity.

In previous periods, ULMA Construcción Polska S.A. granted a long-term loan to the parent company, ULMA CyE S.Coop, amounting to PLN 20,000 thousand (in January 2021, the loan amount was increased to PLN 40,000 thousand).

The loan is secured by:

- a bill of exchange and a bill of exchange declaration issued by the borrower,
- an agreement to irrevocably acquire the borrower's assets (formwork and scaffolding), which are currently held by the lender on a lease basis, at a trade discount. The offer to acquire the assets will only materialise if the borrower fails to repay the loan by the agreed date.

The loan was granted on arm's length basis (fixed margin + WIBOR 1M) and its final repayment date was set at 31 July 2022.

I. Sureties and guarantees



Loan sureties or guarantees issued by the issuer or its subsidiary – in aggregate to a single entity or to its subsidiary, specifying:

- a) Name of the entity to which the sureties or guarantees were provided,
- b) Total amount of loans covered, in whole or in part, with the surety or guarantee,
- c) Term of the surety or guarantee,
- d) Financial terms and conditions of the sureties or guarantees, specifying the remuneration of the issuer for granting such sureties or guarantees,

ULMA Construcción Polska S.A. granted warranty to UKRSIBBANK bank, for the subsidiary ULMA Opałubka Ukraina Sp. z o.o., as collateral for the repayment of bank credit (revolving line). The surety has been granted for the duration of the credit agreement and amounts to EUR 1,000 thousand.

The maturity date of the credit agreement is 31 December 2022. As of the balance sheet date 31 March 2021, there is no debt under this agreement.

J. Other material information

Other information which is material for the assessment of the staffing levels, assets, financial standing and financial performance of the issuer and information relevant to the assessment of the issuer's ability to fulfil its obligations

In Q1 2021, no material events occurred other than those described above.

The Management Board of ULMA Construcción Polska S.A. is not aware of any other information which would be material for assessing its staffing levels, assets, financial standing and financial performance and their changes, and for assessing the Group companies' ability to fulfil their obligations.

Total and per share dividend paid (or declared) on ordinary and preference shares

Pursuant to Resolution No. 7 of the General Meeting of ULMA Construcción Polska S.A. of 6 May 2021, the net profit of ULMA Construcción Polska S.A. for 2020, amounting to PLN 11,205,424.56, and the amount of PLN 28,842,491.28 coming from the reserve capital, would be allocated in whole to the payment of dividends amounting in total to PLN 40,047,915.84, i.e. to the gross amount of PLN 7.62 per share (seven zloty and 62/100).

The determination of the rights to the dividend will be held on 14 May 2021, and the dividend payment day will take place on 28 May 2021.

Amount and type of items affecting assets, liabilities, equity, net profit (loss) or cash flows, which are unusual due to their type, value or frequency

In March 2021, the Management Board finalised the sale of a part of a plot located at the registered office of the parent company of the Group in Koszajec (Brwinów gmina), which was announced in current report No. 5/2021 of 10 March 2021. The value of this transaction amounted to PLN 9,068 thousand and its accounting effects were disclosed in:

- "Other operating revenues", to the extent of the realised operating profit (loss) on this transaction, and

All the amounts are in PLN thousand, unless indicated otherwise



- "Cash flows from investing activities" in the part related to cash inflows from sale of tangible assets.

Apart from the above transaction, no other unusual operations occurred in Q1 2021.

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

Construction works are characterised by significant seasonality which translates directly into the Group's revenues from sales of products and services. Particularly unfavourable weather conditions and frequent delays in the implementation of budgetary projects usually occur in Q1. These factors typically improve in the following quarters and the peak of the construction season usually falls in Q3.

This also results in the seasonality effect with regard to repairs of the Group's products (formwork and scaffolding systems). Most of these works fall in the construction season, i.e. Q2 and Q3.

Information about write-offs revaluating inventories to net realisable value and reversals of such write-offs

In Q1 2021, the Group created revaluation write-offs for inventories, amounting to PLN 138 thousand.

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

Under "Other operating costs", the Group recognises the excess of estimated credit losses due to impairment of receivables plus the value of written-off receivables over revenues from reversal of the estimated losses. When the revenues from reversal of estimated credit losses exceed the impairment losses on receivables recognised in a given period, the difference is disclosed under "Other operating revenues".

Thus, in Q1 2021, the Group recognised PLN 138 thousand under "Other operating revenues" and in Q1 2020, the amount of PLN 1,027 thousand was recognised under "Other operating costs".

In Q1 2021, the Group did not create any revaluation write-offs due to impairment of property, plant and equipment or intangible assets. There were also no reversals of such write-offs.

Information on creation, increase, use and release of provisions

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

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



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

The expected amount of the severance pay is calculated as the product of the following factors:

- the expected amount of the basis of the retirement or disability severance pay,
- the expected increase in the assessment base until retirement age,
- a seniority-based percentage ratio.

The amount calculated in the manner described above is actuarially discounted as of the balance sheet date. Actuarial discount means the product of financial discount and the probability that the given person will reach the retirement age as an employee of the Company.

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

Information on deferred income tax provisions and assets

	As of:	
	31 March 2021	31 December 2020
Deferred tax assets:	7,146	6,381
Deferred tax provision:	(11,124)	(10,723)
Offset	2,809	2,064
Carrying amount of deferred tax assets	4,337	4,317
Carrying amount of deferred tax provision	(8,315)	(8,659)

Deferred tax assets and provisions in the consolidated statement of financial position as of 31 March 2021 and as of 31 December 2020 were recognised in the amounts resulting from offsetting assets and liabilities at the level of each of the companies forming part of the Group.

Information on material transactions relating to the purchase and sale of property, plant and equipment

The most important purchase transactions with regard to property, plant and equipment in Q1 2021 were purchases of formwork components for lease from the Group's parent company, amounting to PLN 3,861 thousand.

The most important sale transaction with regard to property, plant and equipment was the sale of part of a plot in Koszajec for PLN 9,068 thousand.

Information on material liabilities due to the purchase of property, plant and equipment



As of 31 March 2021, there are no material liabilities due to the purchase of property, plant and equipment.

Prior period errors

In Q1 2021, no prior period errors were identified.

Information on failure to repay a credit or loan or breach of material provisions of a credit or loan agreement

In Q1 2021, the above-mentioned events did not occur. As of 31 March 2019, the Group's subsidiaries do not have any debt due to bank loans other than those indicated in this report.

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

In Q1 2021, the Group did not issue, redeem or repay any non-equity or equity securities.

Indication of events which occurred after the date of the condensed quarterly financial statements, not covered by this report, but which might have a significant impact on future financial performance of the issuer

After the balance sheet date, 31 March 2021, no events were identified that could significantly affect the future financial performance of ULMA Construcción Polska S.A. Group.

Information on changes in contingent liabilities or contingent assets which have occurred after the end of the last financial year

Since the end of the last financial year, no changes in contingent liabilities and contingent assets have occurred.

K. Factors affecting the future performance of the issuer

Indication of factors which, in the issuer's opinion, will affect the performance at least in the upcoming quarter

Market in Poland

Q1 2021 saw declines in production across the majority of construction segments. This is largely due to a high comparative base from Q1 2020, just before the outbreak of the COVID-19 pandemic, when construction performance was very strong. Market analysts predict that growth rate in construction will start improving from Q2 2021 onwards, but it is unlikely that 2021 as a whole will end in the positive territory.

In Q1 2021, 53 bankruptcies were reported in the construction industry, which is a high number compared to 30 bankruptcies a year ago. However, it is largely the result of the introduction from Q3 2020 of a new legal form, i.e. out-of-court reorganisation proceedings, which is becoming very popular among



entrepreneurs (more than half of all bankruptcies) and which provides effective protection against creditors.

Among the major barriers to construction growth, companies still primarily list the uncertainty of the overall economic situation in Poland. The aggregate contract portfolio in leading contractor groups grew in Q4 2020 at a mere 6% y/y, compared to 8% y/y a quarter earlier and 18% y/y six months earlier. Its value as of the end of December 2020 was PLN 61 billion, nearly PLN 2 billion less than a quarter earlier. However, it is still one of the best results since 2012. The industry's portfolio growth continues to be driven by large road and railway contracts.

As for the construction and installation production growth rate in **residential** construction, according to preliminary data for Q1 2021, a nominal decline by 6.6% y/y was reported, which is the result of a lower number of projects launched in 2020. Analysis of March alone shows that it was a good month for residential construction. This is due to a 53% y/y increase in building permits for flats and houses (driven more strongly by the property developers' segment - a 68% increase v. 26% among individual investors) and a 60% increase in the number of units whose construction has started (virtually the same increase among both individual investors and property developers).

According to the latest preliminary data, in terms of construction production growth rate Q1 2021 was yet another difficult period for **non-residential** construction, characterised by a nominal decline by nearly 20% y/y. Market analysts predict that this situation will begin to stabilise in H2 2021, when these declines will move to a single digit territory. The continued uncertain economic situation in Q1 2021, the next wave of the COVID-19 pandemic and lockdowns in many industries had the greatest impact on the segment's performance, which was mainly due to the suspension of the launch of new projects by private investors.

Preliminary construction production data for Q1 2021 show a slight adjustment in the **civil engineering** sector (nominal decline of over 6% y/y in the entire segment). As it was the case in January and February, no new tenders were announced in the area of expressway and motorway construction in March. However, 11 km of new routes were contracted. As a result, the length of expressways under construction at the end of the month amounted to 1,141 km, an increase by 21% y/y. In the area of the implementation of the National Railway Programme, as of the end of March 2021, projects worth PLN 18.6 billion have been completed (an increase by 42% y/y), and projects worth PLN 49.8 billion are under implementation (up by 7%). Projects worth PLN 3.3 billion remain at the tender stage (a 62% decrease), and the value of projects at the planning or design stage is PLN 4 billion (a 46% decrease). The amendment to the Public Procurement Law, which entered into force at the beginning of 2021, continues to be reflected in the growth rate of the number of announced and awarded tenders. Data for the 12-month rolling sum indicate 10% and 8% decreases y/y in the number of tenders announced and awarded respectively in the Public Procurement Bulletin (contracts up to €5.5 million) and 9% and 7% decreases in the number of larger tenders (above €5.5 million) announced and awarded respectively in the Official Journal of the European Union - TED.

Foreign markets

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

UKRAINE

All the amounts are in PLN thousand, unless indicated otherwise



The sharp increase in commodity prices on global markets was a key factor for the potential of the construction market for the subsequent periods of 2021. As a participant in this market, the Group was, in a way, forced to raise its expectations in terms of prices of the offered services. The market partially accepted the new reality, but it made products from Russia and countries using Russian commodities even more competitive.

The unprecedented increase in prices of almost all commodities used for production of formwork (steel, aluminium, timber) is the main risk for the ability to maintain competitiveness of the Group's offer, in particular in the segment of "sales of construction materials" on the Ukrainian market in the face of competition from Russia. In addition, the lead times of the Group's suppliers are becoming longer, which may result in the loss of some contracts.

Fortunately, political instability, i.e. the substantial restoration of Russia's military potential at the border with Ukraine, has not affected the economic situation in Ukraine in terms of future periods. Moreover, the active pro-Western policy of the Ukrainian authorities has improved the sentiments of international financial organisations and, consequently, overall economic stability.

LITHUANIA

Due to pandemic-related restrictions on foreign (non-EU) workers, some companies are finding it difficult to complete contracts. The labour shortage leads to delays in construction programs, which in turn slows down cash flows and puts some construction companies in a difficult financial situation. In addition, due to the lack of foreign workers, the costs of local labour are rising. Adding to this the increase in the price of construction materials, it can be presumed that the increase in the total costs of ongoing construction works can have a direct impact on the financial standing and solvency of companies in the industry, in particular those that signed contracts at the end of 2020 with a low margin.

KAZAKHSTAN

The risk of devaluation remains significant. The increasing focus of construction companies on formwork lease may lead to a reduction in the size of formwork sales business.

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

The Group's operations on both domestic and export markets are a result of the market conditions, which are constantly affected by the ever-present uncertainty and sentiment volatility.

The Management Board of the Group anticipates that the uncertain market situation and the limited willingness of private investors to invest as a consequence of the outbreak of the COVID-19 pandemic, which strongly affected the perceptions of the market, will slowly give way to optimism in 2021. In particular as the level of vaccination of the population and the acquisition of so-called herd immunity will be rising. In addition, many programmes in support of the economies of respective European and American countries (in particular Western Europe and the US) will gain momentum this year, which will certainly lead to significant increases in the prices of construction services and materials, and perhaps even to the

All the amounts are in PLN thousand, unless indicated otherwise



creation of bubbles. As a result, it should be expected that at least in the coming quarters we may witness a boom in investment demand (in particular in the private segment in Poland), additionally fuelled by the maintenance of low interest rates.

Another phenomenon of considerable importance when analysing the growth rate of the Group's performance will be the low base effect. The outbreak of the COVID-19 pandemic in Poland occurred at the end of Q1 2020. However, its adverse economic effects in the form of a decrease in contracts for construction services swept through the construction segment from Q2 2020 onwards. This means that while the situation will continue to improve in an uninterrupted manner in the subsequent periods of 2021, the low base effect will be very significant when analysing the Group's performance compared to the corresponding periods in the previous year.

I Foreign exchange risk

The Group's companies purchase products (formwork systems and accessories) from the parent company in Spain or other entities located outside Poland. On the other hand, the Group's companies operate on export markets. The Group is thus exposed to foreign exchange risk, which it seeks to limit through activity on the forex market.

L. Segment information

Information on revenues and profits (losses) in respective industry or geographical segments specified in line with the IASs, depending on which segment breakdown is the primary one

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

- construction site services – the segment of lease of formwork and scaffolding systems together with broadly understood logistic services and construction settlement at the end of a contract,
- sales of construction materials – the segment of sales of formwork systems constituting tangible assets and current assets (products and goods) of the Group, and other construction materials.

Segment performance was as follows:

Q1 2021 - three-month period ended 31 March 2021

Item description	Construction site services	Sales of construction materials	Group
Total sales revenues	27,828	17,971	45,799
Intragroup sales	(287)	(5,673)	(5,960)

All the amounts are in PLN thousand, unless indicated otherwise



Sales revenues	27,541	12,298	39,839
Operating costs (excl. depreciation and amortisation)	(20,341)	(13,506)	(33,847)
Costs of intragroup sales	122	5,641	5,763
Consolidated operating costs (excl. depreciation and	(20,219)	(7,865)	(28,084)
EBITDA	7,322	4,433	11,755

Q1 2020 - three-month period ended 31 March 2020

Item description	Construction site services	Sales of construction materials	Group
Total sales revenues	37,758	13,847	51,605
Intragroup sales	(139)	(2,733)	(2,872)
Sales revenues	37,619	11,114	48,733
Operating costs (excl. depreciation and amortisation)	(25,113)	(11,128)	(36,241)
Cost of intragroup sales	41	3,409	3,450
Consolidated operating costs (excl. depreciation and	(25,072)	(7,719)	(32,791)
EBITDA	12,547	3,395	15,942

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

	Q1 2021	Q1 2020
EBITDA	11,755	15,942
Depreciation and amortisation	(10,737)	(10,980)
Interest revenues	250	237
Other financial revenues	223	65
Interest costs	(172)	(171)
Other financial costs	(234)	(291)
Share in profit (loss) of affiliates	(176)	54
Profit (loss) before tax	909	4,856
Income tax	(200)	(906)
Net profit (loss)	709	3,950

M. Investor relations

As part of activities aimed at building successful investor relations, the Group appointed a person responsible for contacts with the Warsaw Stock Exchange, the Polish Financial Supervision Authority and the shareholders.

Krzysztof Burczaniuk

krzysztof.burczaniuk@ulmaconstruction.pl

(22) 506-70-00

All the amounts are in PLN thousand, unless indicated otherwise



ULMA Construcción Polska S.A.

CONDENSED SEPARATE FINANCIAL STATEMENTS

FOR Q1 ENDED 31 MARCH 2021



Profit and loss account and other comprehensive income

	Q1 2021	Q1 2020
Sales revenues	32,724	38,322
Cost of products, goods and materials sold	(31,461)	(32,550)
I. Gross profit on sales	1,263	5,772
Sales and marketing costs	(362)	(501)
Overheads	(4,017)	(4,270)
Other operating revenues	1,087	272
<i>Of which: reversal of impairment losses on receivables</i>	153	-
Other operating costs	(124)	(165)
<i>Of which: impairment losses on receivables</i>	-	(6)
II. Operating profit (loss)	(2,153)	1,108
Financial revenues	272	1,110
Financial costs	(172)	(171)
<i>Net financial costs</i>	100	
III. Profit/(loss) before tax	(2,053)	2,047
Current income tax	-	(45)
Deferred income tax	344	(353)
IV. Net profit (loss) for the financial period	(1,709)	1,649
Other comprehensive income subject to reclassification to profit (loss) in subsequent reporting periods	-	-
V. Comprehensive income for the financial period	(1,709)	1,649
Net profit (loss) for the financial period	(1,709)	1,649
Weighted average number of ordinary shares	5,255,632	5,255,632
Basic and diluted earnings (loss) per share for the financial period (PLN per share)	(0.33)	0.31

All the amounts are in PLN thousand, unless indicated otherwise



Statement of financial position

As of:

	31.03.2021 (not audited)	31.12.2020 (audited)	31.03.2020 (not audited)
ASSETS			
I. Fixed assets (long-term)			
1. Property, plant and equipment	223,505	230,099	244,132
2. Intangible assets	197	228	146
3. Shares in affiliates	7,458	7,458	7,458
4. Right-of-use assets	10,462	11,108	12,691
5. Long-term receivables	48,388	28,306	10,802
Total fixed assets (long-term)	290,010	277,199	275,229
II. Current assets (short-term)			
1. Inventories	6,812	5,261	7,693
2. Trade receivables and other receivables	27,650	25,271	48,786
3. Income tax receivables	578	536	1,125
4. Derivatives	-	-	-
5. Cash and cash equivalents	48,155	48,094	43,355
Fixed assets classified as held for sale	-	8,590	-
Total current assets (short-term)	83,195	87,752	100,959
Total assets	373,205	364,951	376,188

All the amounts are in PLN thousand, unless indicated otherwise



	31.03.2021 (not audited)	31.12.2020 (audited)	31.03.2020 (not audited)
EQUITY AND LIABILITIES			
I. Equity			
1. Share capital	10,511	10,511	10,511
2. Supplementary capital – share premium	114,990	114,990	114,990
3. Retained earnings, of which:	201,831	203,540	207,648
(a) Net profit (loss) for the financial period	(1,709)	11,205	1,649
Total equity	327,332	329,041	333,149
II. Liabilities			
1. Long-term liabilities			
a. Deferred income tax liabilities	8,315	8,659	6,796
b. Long-term pension liabilities	310	310	246
c. Long-term right-of-use liabilities (finance lease)	3,408	4,088	5,126
Total long-term liabilities	12,033	13,057	12,168
2. Short-term liabilities			
a. Short-term pension liabilities	62	62	54
b. Derivatives	-	54	90
c. Current income tax liabilities	-	-	-
d. Short-term liabilities due to factoring of trade liabilities	-	-	807
e. Short-term right-of-use liabilities (finance lease)	3,371	3,541	3,756
f. Trade liabilities and other liabilities	30,407	19,196	26,164
Total short-term liabilities	33,840	22,853	30,871
Total liabilities	45,873	35,910	43,039
Total equity and liabilities	373,205	364,951	376,188

All the amounts are in PLN thousand, unless indicated otherwise



Statement of changes in equity

Item	Share capital at nominal value	Share premium	Retained earnings	Total equity
As of 1 January 2020	10,511	114,990	205,999	331,500
Net profit in 2020	-	-	11,205	11,205
Other comprehensive income in 2020	-	-	-	-
Dividend payment	-	-	(13,664)	(13,664)
As of 1 January 2021	10,511	114,990	203,540	329,041
Net profit in Q1 2021	-	-	(1,709)	(1,709)
Other comprehensive income in Q1 2021	-	-	-	-
As of 31 March 2021	10,511	114,990	201,831	327,332

Item	Share capital at nominal value	Share premium	Retained earnings	Total equity
As of 1 January 2020	10,511	114,990	205,999	331,500
Net profit in Q1 2020	-	-	1,649	1,649
Other comprehensive income in Q1 2020	-	-	-	-
As of 31 March 2019	10,511	114,990	207,648	333,149

All the amounts are in PLN thousand, unless indicated otherwise



Cash flow statement

	Q1 2021	Q1 2020
Cash flows from operating activities		
Net profit for the financial period	(1,709)	1,649
Adjustments for:		
- Income tax	(344)	398
- Depreciation of tangible assets	8,646	8,913
- Amortisation of intangible assets	48	28
- Depreciation of right-of-use assets	1,035	965
- Net value of sold formworks – fixed assets	1,311	2,337
- (Gains)/losses on changes in fair value of financial instruments	(54)	159
- Interest collected	(184)	(326)
- Interest costs	172	171
- Foreign exchange (gains)/losses	(87)	(783)
Changes in working capital:		
- Inventories	(1,552)	(2,508)
- Trade receivables and other receivables	(2,379)	5,900
- Trade liabilities and other liabilities	11,212	807
	16,115	17,710
Purchase of formworks	(3,321)	(15,616)
Income tax paid	(42)	(2,478)
Net cash from operating activities	12,752	(384)
Cash flows from investing activities		
Purchase of property, plant and equipment	(565)	(1,323)
Proceeds from disposal of property, plant and equipment	9,114	2
Acquisition of intangible assets	(18)	(3)
Loans granted	(20,000)	-
Dividends collected	-	-
Interest collected	184	305
Net cash from investing activities	(11,285)	(1,019)
Cash flows from financing activities		
Finance lease payments	(1,240)	(1,134)
Interest paid	(172)	(171)
Dividend payment	-	-
Net cash from financing activities	(1,412)	(1,305)
Net increase (decrease) in cash	55	(2,708)
Beginning cash	48,094	45,997
Foreign exchange gains /(losses) on measurement of cash and overdraft facility	6	66
Closing cash and overdraft facility	48,155	43,355

All the amounts are in PLN thousand, unless indicated otherwise



Description of the major accounting principles applied

The Company prepared the interim condensed financial statements based on the same accounting principles as described in the audited financial statements as of 31 December 2020. The interim financial statements as of 31 March 2021 should be read together with the audited consolidated financial statements as of 31 December 2020 published on 1 April 2021.

I Investments in subsidiaries and affiliates

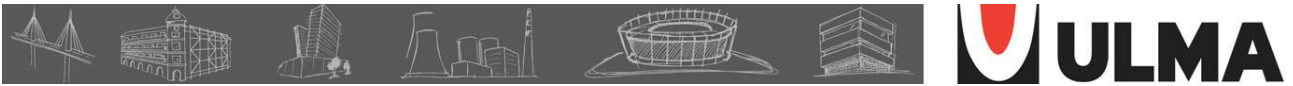
Investments in subsidiaries and affiliates are recognised at historical cost adjusted for revaluation write-offs. Effects of changes in the revaluation write-offs of investments in subsidiaries are recognised as financial revenues or costs of the reporting period in which a change occurred.

Conversion of selected financial data into euro

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

ITEM	PLN thousand		EUR thousand	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020
Net revenues from sales of products, goods and materials	32,724	38,322	7,157	8,717
Operating profit (loss)	(2,152)	1,108	(471)	252
Gross profit (loss)	(2,053)	2,047	(449)	466
Net profit (loss)	(1,709)	1,649	(374)	375
Net cash flows from operating activities	12,752	(384)	2,789	(87)
Net cash flows from investing activities	(11,285)	(1,019)	(2,468)	(232)
Net cash flows from financing activities	(1,412)	(1,305)	(309)	(297)
Net cash flows	55	(2,708)	12	(616)
Basic earnings per ordinary share (PLN/EUR)	(0.33)	0.31	(0.07)	0.07
Diluted earnings per ordinary share (PLN/EUR)	(0.33)	0.31	(0.07)	0.07
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
Total assets	373,205	364,951	80,082	79,083
Liabilities	45,873	35,910	9,843	7,781
Long-term liabilities	12,033	13,057	2,582	2,829
Short-term liabilities	33,840	22,853	7,261	4,952
Equity	327,332	329,041	70,238	71,301
Share capital	10,511	10,511	2,255	2,278
Weighted average number of shares	5,255,632	5,255,632	5,255,632	5,255,632
Number of shares as of the reporting date	5,255,632	5,255,632	5,255,632	5,255,632
Carrying amount per share (PLN/EUR)	62.28	62.61	13.36	13.57

The individual items of assets as well as equity and liabilities were converted into EUR at the average exchange rates published by the President of the National Bank of Poland, valid as of the balance sheet date. The average exchange rate of EUR as of 31 March 2021 was PLN 4.6603, and as of 31 December 2020 – PLN 4.6148.



The items of the statement of comprehensive income and the items of the cash flow statement were converted at a rate being the arithmetic mean of exchange rates valid in a specific period, i.e. data from 1 January to 31 March 2021 were converted at the exchange rate of PLN/EUR 4.5721, while the data for the corresponding period of 2020 were converted at the exchange rate of PLN/EUR 4.3963.