FINANCIAL STATEMENT of

ULMA Construccion Polska S.A.

FOR THE YEAR ENDING ON 31 December 2022

(along with the report of the chartered accountant)

Contents

GENERAL INFORMATION

The subject of operations

The subjects of operations of the ULMA Construccion Polska SA are:

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

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 analyzed period there were no changes in the name of the company ULMA Construccion Polska S.A.

The company's main place of business is Koszajec 50, 05-840 Brwinów (Poland).

The control over the Company 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.

Registered Seat

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

Composition of supervisory and management bodies as at 31.12.2022 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
Eñaut Eguidazu Aldalur	Member of the Supervisory Board

All amounts expressed in thousands PLN, unless stated otherwise

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
Marek Czupryński	Member 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

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

Stock exchange listing

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

FINANCIAL STATEMENT

FOR THE YEAR ENDING ON 31 DECEMBER 2022

Profit and loss account and other comprehensive income

	Note	12-month period ended 31 December 2022	12-month period ended 31 December 2021
Sales revenues	18	173 475	183 423
Costs of products, goods and materials sold	19	(140 777)	(138 855)
I. Gross profit on sales		**32 698**	**44 568**
Selling and marketing costs	19	(1 884)	(1 503)
General management costs	19	(20 119)	(17 009)
Other operating income	20	793	1 746
Including: reversal of impairment losses on receivables		-	367
Other operating costs	20	(1 095)	(472)
Including: impairment losses on receivables		(924)	-
II. Profit (Loss) at the operational level		**10 393**	**27 330**
Financial income	21	2 887	647
Financial costs	21	(1 054)	(611)
III. Profit (Loss) before tax		**12 226**	**27 366**
Income tax	22	(2 528)	(5 686)
IV. Net profit (Loss) for the financial period		**9 698**	**21 680**
Other comprehensive income (net):		-	-
V. Total income for the financial period		**9 698**	**21 680**
Weighted average number of ordinary shares		5 255 632	5 255 632
Basic profit (loss) per share in the financial period (in PLN per share)	28	1,85	4,13
Dilutes profit ((loss) per share in the financial period (in PLN per share)	28	1,85	4,13

Wszystkie kwoty wyrażone w tys. PLN, o ile nie zaznaczono inaczej

Statement of financial position

	Note	As at: 31 December 2022	31 December 2021
ASSETS			
I. Fixed assets			
Property, plant and equipment	4	256 982	234 039
Intangible assets	5	125	202
Investments in subsidiaries and affiliates	7	8 258	7 458
Assets due to right of use	8	12 978	15 449
Long-term receivables	9	28 442	8 320
Fixed assets in total:		**306 785**	**265 468**
II. Current assets			
Inventory	10	5 266	4 489
Trade receivables and other receivables	9	34 940	55 231
Income tax receivables		487	318
Derivative financial instruments	6	-	6
Cash and cash equivalents	11	32 835	38 237
Current assets in total:		**73 528**	**98 281**
Total assets		**380 313**	**363 749**

As at:

All amounts expressed in thousands PLN, unless stated otherwise

	Note	31 December 2022	31 December 2021
EQUITY CAPITAL AND LIABILITIES			
I. Equity			
Share capital	12	10 511	10 511
Supplementary capital - surplus from the sale of shares above par value	12	114 990	114 990
Retained earnings, including:		194 870	185 172
a) Net profit (loss) for the financial period		9 698	21 680
Total equity:		**320 371**	**310 673**
II. Liabilities			
Long-term Liabilities			
Deferred tax liabilities	16	10 873	9 490
Long-term liabilities due to retirement benefits	17	267	285
Long-term liabilities due to the right of use (leasing)	15	5 847	8 276
Long-term liabilities in total:		**16 987**	**18 051**
Short-term liabilities			
Derivative financial instruments		-	-
Short-term liabilities due to retirement benefits	17	44	64
Short-term liabilities due to the right of use (leasing)	15	3 947	3 767
Trade payables and other liabilities	13	38 964	31 194
Short-term liabilities in total:		**42 955**	**35 025**
Total liabilities:		**59 942**	**53 076**
Total equity and liabilities:		**380 313**	**363 749**

All amounts expressed in thousands PLN, unless stated otherwise

Report on changes in equity

	Share capital at par value	Surplus from the sale of shares above par value	Retained profits	IN TOTAL EQUITY
As at 1 January 2022	**10 511**	**114 990**	**185 172**	**310 673**
Net profit	-	-	9 698	9 698
Other comprehensive income	-	-	-	-
As at 31 December 2022	**10 511**	**114 990**	**194 870**	**320 371**

	Share capital at par value	Surplus from the sale of shares above par value	Retained profits	IN TOTAL EQUITY
As at 1 December 2021	**10 511**	**114 990**	**203 540**	**329 041**
Net profit	-	-	21 680	21 680
Other comprehensive income	-	-	-	-
Dividends paid			(40 048)	(40 048)
As at 31 December 2021	**10 511**	**114 990**	**185 172**	**310 673**

All amounts expressed in thousands PLN, unless stated otherwise

Statement of Cash Flow

	Note	12-month period ended 31 December 2022	12-month period ended 31 December 2021
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the financial period		9 698	21 680
Adjustments:			
- Income tax	22	2 528	5 686
- Depreciation of fixed assets	4	42 255	35 003
- Depreciation of intangible assets	5	102	206
- Depreciation assets due to right of use		3 980	3 837
- Amounts written off financial fixed assets		52	(144)
Net value of formwork sold - fixed assets		7 530	12 157
- (Profits) / losses due to changes in the fair value of financial instruments		6	(60)
- Change in the values of shares in affiliates		(800)	-
- Interest income		(1 745)	(620)
- Interest cost		1 005	584
- (Profits) due to foreign exchange losses		(130)	63
- Change in the provision for retirement benefits		(38)	(23)
Formwork – acquisitions and other increase in assets	4	(70 113)	(49 538)
Changes in working capital:			
- Inventory		(777)	772
- Trade receivables and other receivables		2 732	(9 960)
- Trade payables and other liabilities		7 770	11 998
Income tax paid		(1 312)	(4 637)
Net cash from operating activities		**2 743**	**27 004**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from the sale od property, plant and equipment		3	9 115
Repayment of loans granted		1 354	20 000
Interest received		1 784	578
Loans granted		(3 861)	(20 000)
Acquisition of other tangible assets		(2 671)	(1 945)
Acquisition of tangible and intangible assets	5	(25)	(180)
Net cash from investing activities		**(3 416)**	**7 568**
CASH FLOW FROM FINANCIAL ACTIVITIES			
Lease payments		(3 761)	(3 762)
Interest paid		(1 005)	(584)
Dividends paid		-	(40 048)
Net cash from financial activities		**(4 766)**	**(44 394)**
Net increase or decrease in cash		**(5 439)**	**(9 822)**
Cash at the beginning of the period		**38 237**	**48 094**
Exchange losses/ gains on cash and cash equivalents		**37**	**(35)**
Cash at the end of the period	11	**32 835**	**38 237**

All amounts expressed in thousands PLN, unless stated otherwise

ADDITIONAL INFORMATION

TO FINANCIAL STATEMENT

Notes to the financial statement

1. Description of the most important applied accounting principles

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

A. Declaration of conformity and general principles of document preparation

The financial statement of ULMA Construccion Polska S.A. covers the year ended 31 December 2022 and contain comparative data for the year ended 31 December 2021.

The duration of ULMA Construccion Polska S.A. is indefinite.

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

This 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 financial statement has been prepared on the assumption that the Company will continue as a going concern in the foreseeable future, i.e. for at least the next 12 months. A description of activities related to ULMA Opałubka Ukraina and the approach to the valuation os assets and investments is disclosed in Note 7.

The Company, as the parent company of the Capital Group, prepares consolidated financial statement also concerning subsidiaries and an associate entity.

This financial statement and the consolidated financial statement of ULMA Construccion Polska Capital Group S.A. for the year ending on 31 December 2022 was approved for publication by the Management Board of the parent company on 5 April 2023.

B. Changes in applied accounting principles

The accounting principles (policy) adopted for preparation of this financial statement is coherent with those applied for preparation of the Company's financial statements for the year ended 31 December 2021, except for those presented below.

Standards and interpretations that apply for the firt time

The amended standards and interpretations, which are applicable for the first time in 2022 do not have a significant impact on the Company's consolidated financial statements.

1. Amendments to IAS 16: Fixed assets: Revenues before commissioning

As part of the amendments, the provision regarding the reduction of the cost of property, plant and equipment by net proceeds from selling items produced in the course of bringing the asset to its desired location and condition (for example, trial production during testing) was deleted. At the same time, it was clarified that the Company recognised the revenue from the sale of such items and the costs of such items in the income statement in accordance with the applicable standards. The Company measures the costs of theses items using the valuation requirements of IAS 2.

The Company applied the amendments retrospectively, but only to the property, plant and equipment that are adjusted to the location and conditions necessary to enable them to operate in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applied the amendments.

2. Amendments to IAS 37: Burdensome contracts - costs of fulfilling contractual obligations

The amendments clarified that, in the case of onerous contracts, the costs of fulfilling a contract include both the incremental costs of fulfilling such contract, e.g. labour and materials, and the allocation of other costs directly related to fulfilling the contracts, for example, the allocation of depreciation of an item of property, plant and equipment used e.g. to fulfil that contract.

The Company applied the amendments to contracts for which it had not yet fulfilled all of its obligations as of the start date of the annual reporting period in which it applied the amendments for the first time (i.e. 1 January 2022). The Company did not restate comparative data.

3. Amendment to IFRS 3: Business Combinations - Amendments to References to Conceptual Assumptions

The amendments are intended to replace the reference to the previous version of the Conceptual Framework for Financial Reporting issued by the IASB (1989 Framework for the Preparation and Presentation of Financial Statements) with a reference to the current version published in March 2018 (Conceptual Framework), without significantly changing the requirements contained therein.

The amendments introduce an exception to the recognition principle under IFRS 3 to avoid the issue of potential 'day two' gains and losses in respect of liabilities and contingent liabilities that would fall within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if they occurred separately. The exception requires the Group to apply the criteria under IAS 37 or IFRIC 21, as applicable (rather than the requirements under the Conceptual Framework) to determine whether a present obligation exists as of the date of acquisition. At the same time, the amendments introduced a new paragraph to IFRS 3 clarifying that contingent assets did not qualify for recognition as of the acquisition date.

The amendments apply prospectively. Early application is permitted if, at the same time or earlier, the Company also applies all the amendments provided for in the Amendments to References to the Conceptual Framework in IFRS Standards (March 2018).

4. <u>Amendments resulting from improvements to IFRS 2018–2020:</u>

a. IFRS 1 First-time Adoption of International Financial Reporting Standards: Subsidiary as a Firs-time Adopter of IFRS
The amendment allows a subsidiary that chooses to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements based on the parent's date of transition to IFRS, provided that no adjustments were made for consolidation procedures and the effects of a business combination in which the parent acquired the subsidiary. The amendment also applies to an associate or joint venture that decides to apply paragraph D16(a) of IFRS 1.

b. IFRS 9 Financial Instruments: Fees under the 10% test on derecognition of financial liabilities
The amendment clarifies the fees that the Company considers when assessing whether the terms of a new or modified financial liability differ significantly from the terms of the original financial liability. These fees only include fees paid or received between the borrower and the lender, including fees paid or received by the borrower or the lender on behalf of the other party. No similar amendment has been proposed for IAS 39.
The Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the Company first applies the amendment.

c. Illustrative examples for IFRS 16 Leases: Leasing incentives
The amendment repeals Illustrative Example 13 regarding payments from lessors related to leasehold improvements. This will prevent ambiguity in the approach to lease incentives when applying IFRS 16.

d. IAS 41 Agriculture: Including taxation in fair value measurement
The amendment repeals the requirement arising from paragraph 22 of IAS 41 requiring Groups to exclude tax payments when determining the fair value of assets within the scope of IAS 41.
The Company applies the amendment to the determination of fair value at the beginning of the first annual reporting period starting on or after 1 January 2022.

New standards and interpretations published, not yet effective

The following standards and interpretations have been published by the International Accounting Standards Board, but have not entered into force yet:

- IFRS 14 Regulatory prepayments (published on January 30, 2014) – in accordance with the European Commission's decision, the endorsement process for the preliminary version of the standard will not be initiated until the final version is issued - no EU endorsement as of the date of approval of these financial statements - applicable for annual periods beginning on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (published on September 11, 2014) – the works leading to the endorsement of these amendments have been postponed indefinitely by the EU - the effective date has been postponed indefinitely by the IASB;
- IFRS 17 Insurance Contracts (published on May 18, 2017) including Amendments to IFRS 17 (published on June, 25, 2020) - applicable to annual periods beginning on or after 1 January 2023;
- Amendments to IAS 1 and Practise Statement 2: Disclosure of Accounting Principles (policy) (published on February 12, 2021) – applicable to annual periods beginning on or after 1 January 2023;
- Amendments to IAS 8: Definition of accounting estimatesc (published on Februry 12, 2021) – applicable to annual periods beginning on or after 1 January 2023;
- Amendments to IAS 12: Deffered tax relating to assets and liabilities arising from single transaction (published on May 7, 2021) – applicable to annual periods beginning on or after 1 January 2023;

- Amendments to IFRS 17 Insurance contracts: First application of IFRS 17 and IFRS 9 – Comparative information (published on December 9, 2021) – applicable to annual periods beginning on or after 1 January 2023;
- Amendments to IAS 1: Presentation of financial statements – Classification of liabilities into short-term and long-term liabilities – deferral of effective date and non-current liabilities containing contractual clauses (published on 23 January 2020 and on 15 July 2020 and on 31 October 2022, respectively) - no EU endorsement as of the date of approval of these financial statements – applicable to annual periods beginning on or after 1 January 2024;
- Amendments to IFRS 16 Leases: Lease liabilities in a sale and leaseback transaction (published on September 22, 2022) – no EU endorsement as of the date of approval of these financial statements – applicable to annual periods beginning on or after 1 January 2024;

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 Company has not opted for early adoption of any standard, interpretation or amendment that has been published but is not yet effective under European Union legislation.

As of the date of approval of these financial statements for publication, the Management Board does not expect the introduction of the remaining standards and interpretations to have a material impact on the Group's accounting policies.

C. Valuation of items denominated in foreign currencies

Functional and presentation currency

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

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 Company assumes the average rate of a given currency announced by the National Bank of Poland as of the balance sheet date.

D. Provisions

Provisions are created for an existing (legal or customary) liability of the Company as a result of past events, if it is probable that the Company's resources will have to be spent in order to satisfy this liability and if its estimated value can be reliably determined.

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. The existing assumptions and estimates may change as a result of future events resulting from market changes or changes not under the Company's control. Such changes are reflected in the estimates or assumptions as they occur.

The basic assumptions concerning the future and other key sources of uncertainty as at the balance sheet date, which involve a significant risk of a significant adjustment to the carrying value of assets and liabilities in the following financial year, are discussed below.

- 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 Company.
  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 Company estimates the level of expected credit losses using the LGD (Loss Given Default) ratio, which in 2022 amounted to 50% 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 Company recognises a write-down for expected credit losses in the amount resulting from the estimates.

- The Company 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.

- Changes on the construction market may have a significant impact on the assessment of the recoverable value of the Company's assets. If evidence of impairment is identified, the Company 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 Company's control. Significant changes to these assumptions affect the results of impairment tests and, consequently, may lead to significant changes in the Company'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 point 17.

- 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. The Company 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.
  In the opinion of the Management Board, there are no circumstances indicating that significant liabilities may arise in the Company on this account.

- The Company 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.

3. Financial risk management

The Company'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 Company tries to minimize the effects of financial risk having a negative impact on the Company's financial results. The Company uses futures contracts in order to protect itself against certain threats.

Currency exchange risk

The Company 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 the Company.

The Company hedges the net currency position using mainly cash resources (exchange of PLN into currency) and then forward contracts.

The table below presents a summary of the Company's assets and liabilities denominated in Euros, which are exposed to the risk of changes in exchange rates (in EUR'000).

'000 EUR	As at:	
	31 December 2022	31 December 2021
Trade receivables	533	2 703
Cash	2 515	1 082
Loans granted	2 320	1 800
TOTAL ASSETS	**5 368**	**5 585**
Trade Liabilities	3 463	2 555
Currency futures Walutowe kontrakty terminowe	-	(570)
LIABILITIES TOTAL	**3 463**	**1 985**

The sensitivity analysis conducted by the Company indicates that:

- as at 31 December 2022, if the Polish zloty had weakened/ strengthened by 10% in relation to EUR/USD, with other parameters unchanged, net profit for the 12-month period ended 31 December 2022 would have been PLN 723 thousand higher/lower due to revaluation of cash, receivables, liabilities and foreign exchange contracts denominated in EUR/USD.

- as at 31 December 2021, if the Polish zloty had weakened/ strengthened by 10% in relation to EUR/USD, with other parameters unchanged, net profit for the 12-month period ended 31 December 2021 would have been PLN 916 thousand higher/lower due to revaluation of cash, receivables, liabilities and foreign exchange contracts denominated in EUR.

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

Income and cash flows from the Company's operating and financing activities are not significantly exposed to the risk of interest rate changes.

The Company has no significant debt, the cost of which would depend on the interest rate. The Company'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 Company 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 9).
The Company is not exposed to a significant concentration of risk due to credit sales. A relatively large number of recipients of the Company'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 Company 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 Company to significantly reduce the credit risk level.

All amounts expressed in thousands PLN, unless stated otherwise

Trade receivables in respect of which no impairment has been found constitute 60.2% of the gross value of this group of financial assets, of which 71.7% of the group's value are trade receivables that are not overdue (in 2021 these figures were 61.9% and 63.3% respectively).

The aging analysis of trade receivables is as follows: (in PLN'000)

	As at: 31 December 2022			As at: 31 December 2021		
OVERDUE LEVEL	Gross trade receivables	Write-offs for expected credit loss	**Net trade receivables**	Gross trade receivables	Write-offs for expected credit loss	**Net trade receivables**
No amount due	24 423	(1 358)	23 065	23 316	(1 110)	22 206
Up to 30 days	4 885	(113)	4 772	8 764	-	8 764
From 31 to 90 days	3 431	(544)	2 887	2 717	(12)	2 705
From 91 to 180 days	1 332	(368)	964	1 432	(48)	1 384
From 181 to 360 days	760	(449)	311	24	(16)	8
More than 360 days	18 614	(18 442)	172	20 507	(20 507)	-
In total	**53 445**	**(21 274)**	**32 171**	**56 760**	**(21 693)**	**35 067**

Value loss was found in the case of financial assets in the group of trade receivables and other receivables with the value of PLN 21,274 thousand, covering them with a write-off on expected credit losses. When determining the impairment of particular financial assets, the Company is guided by the individual assessment of each customer, including mainly the assessment of their financial standing and the collateral held. The Company uses insurance of foreign receivables relating to the eastern markets and blank promissory notes as the basic means of securing the recovery of receivables.

The Company has a concentration of credit risk related to receivables from granted loans. Of the balance of loans granted in the amount of PLN 20,883 thousand, PLN 20,000 thousand relates to the loan granted to the parent company ULMA CyE S. Coop.
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 January 2024.
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

Zarządzanie ryzykiem utraty płynności zakłada utrzymywanie odpowiedniego poziomu środków pieniężnych, dostępność finansowania dzięki wystarczającej kwocie przyznanych instrumentów kredytowych oraz zdolność do zamykania pozycji rynkowych. Spółka utrzymuje na rachunkach wystarczające dla zaspokojenia wymagalnych zobowiązań zasoby środków pieniężnych oraz zapewnia możliwość finansowania dzięki przyznanym liniom kredytowym.

All amounts expressed in thousands PLN, unless stated otherwise

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 Company 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 Company 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 15.

The table below shows the Company's financial liabilities as at 31 December 2022 and as at 31 December 2021 by maturity date based on contractual undiscounted payments.

	31 December 2022		
Liabilities required in the period	Lease liabilities	Trade and other liabilities	**In total**
Up to 3 months	From more than a year up to 5 years	38 964	40 466
From 3 to 12 months	More than 5 years	-	3 262
From more than a year up to 5 years	**In total**	-	6 391
More than 5 years	548	-	548
In total	**11 703**	**38 964**	**50 667**

	31 December 2021		
Liabilities required in the period	Lease liabilities	Trade and other liabilities	**In total**
Up to 3 months	1 351	31 194	32 545
From 3 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**	**31 194**	**45 169**

Working capital management

The main objectives of capital management are to ensure an appropriate level of operating liquidity and the ability to implement the Company's investment plans in accordance with the approved budgets so that the Company's operating activities contribute to increasing the value for its shareholders.
The Company 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 Company (with the consent of the shareholders) may change the payment of dividends, return the capital to the shareholders or carry out a new issue of shares.

All amounts expressed in thousands PLN, unless stated otherwise

Dividend policy

The 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. Fixed assets

Property, plant and equipmpent, shuttering systems used to supply products and services or for management purposes, are valued at cost less accumulated depreciation and impairment losses as at the balance sheet date.

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 Company 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 Company 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.

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), i.e. at the level of single element.

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.

If the carrying amount of a fixed assets exceeds its estimated recoverable amount, its carrying amount is reduced to the recoverable amount (note 2).

Fixed assets movement table in 2022

	Land, buildings, structures	Technical devices, machines and means of transport	Formwork systems	Other fixed assets	Fixed assets in construction	IN TOTAL
GROSS VALUE						
As at 1 December 2022	**98 891**	**13 355**	**431 026**	**2 620**	**246**	**546 138**
Increases - purchase	847	1 426	64 594	33	120	67 020
Increases - inventory surpluses, retraining	-	-	5 519	-	-	5 519
Decreases - sales	-	(368)	(24 239)	(13)	-	(24 620)
Decreases - liquidations, inventory shortages	-	(690)	(17 550)	(109)	-	(18 349)
As at 31 December 2022.	**99 738**	**13 723**	**459 350**	**2 531**	**366**	**575 708**
CONSOLIDATED DEPRECIATION						
As at 1 December 2022	**33 055**	**10 189**	**265 979**	**2 490**	**-**	**311 713**
Depreciation for the period	2 908	1 214	38 061	72	-	42 255
Decreases - sales	-	(368)	(21 132)	(13)	-	(21 513)
Decreases - liquidations, inventory shortages	-	(636)	(13 422)	(109)	-	(14 167)
As at 31 December 2022	**35 963**	**10 399**	**269 486**	**2 440**	**-**	**318 288**
AN UP-DATE WRITE-OFF						
As at 1 December 2022	**-**	**-**	**386**	**-**	**-**	**386**
Increases	-	-	52	-	-	52
Decreases	-	-	-	-	-	-
As at 31 December 2022	**-**	**-**	**438**	**-**	**-**	**438**
NET VALUE						
As at 1 December 2022	**65 836**	**3 166**	**164 661**	**130**	**246**	**234 039**
As at 31 December 2022	**63 775**	**3 324**	**189 426**	**91**	**366**	**256 982**

All amounts expressed in thousands PLN, unless stated otherwise

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	IN TOTAL
GROSS VALUE						
As at 1 December 2022	**98 110**	**12 687**	**461 164**	**2 620**	**473**	**575 054**
Increases - purchase	781	885	37 326	33	246	39 271
Increases - inventory surpluses, retraining	-	-	12 212	-	(473)	11 739
Decreases - sales	-	-	(61 282)	-	-	(61 282)
Decreases - liquidations, inventory shortages	-	(217)	(18 394)	(33)	-	(18 644)
As at 31 December 2022.	**98 891**	**13 355**	**431 026**	**2 620**	**246**	**546 138**
CONSOLIDATED DEPRECIATION						
As at 1 December 2022	**30 167**	**9 288**	**302 513**	**2 457**	**-**	**344 425**
Depreciation for the period	2 888	1 112	30 937	66	-	35 003
Decreases - sales	-	-	(53 074)	-	-	(53 074)
Decreases - liquidations, inventory shortages	-	(211)	(14 397)	(33)	-	(14 641)
As at 31 December 2022	**33 055**	**10 189**	**265 979**	**2 490**	**-**	**311 713**
AN UP-DATE WRITE-OFF						
As at 1 December 2022	**-**	**-**	**530**	**-**	**-**	**530**
Increases	-	-	-	-	-	-
Decreases	-	-	(144)	-	-	(144)
As at 31 December 2022	**-**	**-**	**386**	**-**	**-**	**386**
NET VALUE						
As at 1 December 2022	**67 943**	**3 399**	**158 121**	**163**	**473**	**230 099**
As at 31 December 2022	**65 836**	**3 166**	**164 661**	**130**	**246**	**234 039**

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

	12-months period ended 31 December	
	2022	**2021**
Costs of products, goods and materials sold	41 527	34 373
Selling and marketing costs	5	6
General management costs	723	624
TOTAL	**42 255**	**35 003**

As at 31 December 2022, 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 create a write-off in the amount of PLN 52 thousand, increasing its amount to PLN 438 thousand.

All amounts expressed in thousands PLN, unless stated otherwise

5. 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 2022

	Licenses and software	Other	IN TOTAL
GROSS VALUE			
As at 1 December 2022	**2 174**	**-**	**2 174**
Increase	25	-	25
Decrease - sales, liquidation	-	-	-
As at 31 December 2022	**2 199**	**-**	**2 199**
CONSOLIDATED DEPRECIATION			
As at 1 December 2022	**1 972**	**-**	**1 972**
Depreciation for the period	102	-	102
Decrease - sales, liquidation	-	-	-
As at 31 December 2022	**2 074**	**-**	**2 074**
NET VALUE			
As at 1 December 2022	**202**	**-**	**202**
As at 31 December 2022	**125**	**-**	**125**

Table of movements of value of intangible assets in 2021

	Licenses and software	Other	IN TOTAL
GROSS VALUE			
As at 1 December 2022	**5 191**	**37**	**5 228**
Increase	180	-	180
Decrease - sales, liquidation	(3 197)	(37)	(3 234)
As at 31 December 2022	**2 174**	**-**	**2 174**
CONSOLIDATED DEPRECIATION			
As at 1 December 2022	**4 963**	**37**	**5 000**
Depreciation for the period	206	-	206
Decrease - sales, liquidation	(3 197)	(37)	(3 234)
As at 31 December 2022	**1 972**	**-**	**1 972**
NET VALUE			
As at 1 December 2022	**228**	**-**	**228**
As at 31 December 2022	**202**	**-**	**202**

All amounts expressed in thousands PLN, unless stated otherwise

Depreciation write-off for intangible assets has increased:

	12-months period ended 31 December	
	2022	2021
Costs of products, goods and materials sold	-	-
General management costs	102	206
IN TOTAL	**102**	**206**

6. 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.

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.

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 Company has transferred substantially all risks and rewards of ownership.

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 Company 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.

All amounts expressed in thousands PLN, unless stated otherwise

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

Składnik aktywów finansowych wycenia się w wartości godziwej przez inne całkowite dochody, jeśli spełnione są oba poniższe warunki:

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 "Interest income".

The Company 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 Company may make an irrevocable choice concerning 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 Company 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 Company classifies unlisted equity instruments and derivatives into the category of equity instruments valued at fair value through profit or loss.

In a situation where the Company:

- 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 Company assesses the expected credit losses ("ECL") associated with debt instruments measured at amortized cost and fair value through other comprehensive income, regardless of whether there is any indication of impairment.
In the case of trade receivables, the Company 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 Company 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 Company 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 Company value 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 Company value 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 Company 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 Company estimates that the debtor's default when the delay in repayment exceeds 90 days.

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

	FV-hierarchy	31 December 2022		31 December 2021	
		Balance sheet value	Fair value	Balance sheet value	Fair value
Debt instruments valued at amortised cost					
Cash	1	32 835	32 835	38 237	38 237
Trade receivables and other liabilities	3	34 940	34 940	35 231	35 231
Loans granted	3	30 883	30 883	28 320	28 320
Financial instruments valued at fair value trough financial results					
Investments in subsidiaries and affiliates	1	8 258	8 258	7 458	7 458
Derivatives	1	-	-	6	6
Financial liabilities valued at amortised cost					
Trade payables and other liabilities	1	36 445	36 445	28 231	28 231

According to the Company'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 2022, nor in the period ended 31 December 2021, 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.

All amounts expressed in thousands PLN, unless stated otherwise

7. Investments in subsidiaries and affiliates

NAME OF THE ENTITY	ULMA Opałubka Ukraina	ULMA Cofraje	ULMA Opałubka Kazakhstan	ULMA Construcction BALTIC	IN TOTAL
Registered Seat	Ukraina	Romania	Kazahstan	Lithuania	
Business Object	sale and lease of formwork, sale of building materials	sale and lease of formwork, sale of building materials	sale and lease of formwork, sale of building materials	sale and lease of formwork, sale of building materials	
Business character	Subsidiary	Affiliate	Subsidiary	Subsidiary	
Date of taking control / Date of commencement of significant influence	18.07.2001	02.11.2007	27.08.2010	27.04.2012	
Percentage of the share capital held	100%	30%	100%	100%	
Share in the total number of votes at the General Meeting	100%	30%	100%	100%	
Value of shares at purchase price	5 818	3 976	83	142	10 019
Revaluation write-offs					
As at 1 December 2022	-	(2 561)	-	-	(2 561)
As at 31 December 2022	-	(1 761)	-	-	(1 761)
Balance sheet value of shares					
As at 1 December 2022	-	1 415	-	-	1 415
As at 31 December 2022	5 818	2 215	83	142	8 258

The Management Board assessed the impairment of investments in subsidiaries and associates and updated the write-down of the investment in the shares of the associate ULMA Cofraje to PLN 1,761,000. The revaluation income of PLN 800,000 was recognised in the Company's financial income.

Furthermore, in the case of ULMA Opalubka Ukraina, the Company's Management Board would like to point out the following measures that were taken during 2022 to make the valuation of the above-mentioned investments more reliable:

a) Asset confirmations were carried out on active contracts and construction sites held by the subsidiary's customers. In particular, the inspection works were aimed at obtaining the relevant confirmations, in accordance with the legal requirements and accounting regulations, indicating the actual ownership of the leased assets by the customers, and at carrying out inspections of the construction sites by the subsidiary's employees. It should be pointed out that these activities were effectively continued until the end of last year.

b) A physical inventory of the assets located at the storage yards was carried out in two periods, i.e. in July 2022 and in November 2022 (the latter inventory was carried out in the presence of the independent auditor's staff). The above-mentioned stock-taking activities were appropriately documented and recognised in the subsidiary's financial statements in past periods in accordance with formal requirements.

All amounts expressed in thousands PLN, unless stated otherwise

As a result, throughout 2022, the subsidiary's warehouses operated continuously, making it possible, on the one hand, to bring in equipment from active construction sites in Ukraine and, on the other hand, to move equipment from areas more prone to military attacks (i.e. Odesa or Dnipro) to relatively peaceful areas such as Kiyv or Lviv, or even to Poland.

Notwithstanding the above, in view of the many pieces of information about the military assistance provided to Ukraine by individual EU Member States and the US, thanks to which the country can increasingly effectively defend itself against Russia's military attacks, as well as the information about the effectiveness of the defence against missile attacks, the Company's Management Board would like to point out that the risk of destruction of the shuttering equipment or loss of control over it by the above-mentioned subsidiary has changed from systemic to incidental.

Throughout 2022, as part of interim analyses, the Company's Management Board, together with the Management Board of ULMA Opalubka Ukraina, monitored the course of the war, analysed and internally quantified various scenarios of conflict escalation, while examining which regions might be more and which might be less at risk of a potential invasion by the Russian Federation, determining the likelihood of such events. At present, in view of the above-mentioned facts, the received accounting documentation prepared on the basis of the factual activities indicated above, and in the absence of premises for building further negative scenarios for the development of the armed conflict, the Company's Management Board has decided to limit the amount of the write-down for the risk of permanent destruction of the subsidiary's assets only to the part which has not been confirmed by the subsidiary's customers or to the part which remains in the territory occupied by the aggressor.

Neither the amount of the write-down, which has been recognised in the subsidiary's financial statements in the form of a revaluation of assets to zero, nor the observed scope of operating activities result in the need to revalue the investment indicated in the table above.

8. Assets due to right of use

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

Following the adoption of IFRS 16, the Company 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.

Short-term leases and leases of low-value assets

The Company 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 Company 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 Company 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 2022

	Real estate	Means of transport	Forklifts	IN TOTAL
GROSS VALUE				
As at 1 December 2022	**18 039**	**3 168**	**3 370**	**24 577**
Increases - new leasing objects	-	728	897	1 625
Increases - change of contract, fees	-	-	-	-
Decreases - ending a leasing contract	-	(690)	(99)	(789)
Decreases - change of contract, fees	(51)	-	-	(51)
As at 31 December 2022	**17 988**	**3 206**	**4 168**	**25 362**
CONSOLIDATED DEPRECIATION				
As at 1 December 2022	**6 439**	**1 698**	**991**	**9 128**
Depreciation for the period	2 290	868	822	3 980
Decreases - ending a leasing contract	-	(626)	(98)	(724)
As at 31 December 2022	**8 729**	**1 940**	**1 715**	**12 384**
NET VALUE				
As at 1 December 2022	**11 600**	**1 470**	**2 379**	**15 449**
As at 31 December 2022	**9 259**	**1 266**	**2 453**	**12 978**

All amounts expressed in thousands PLN, unless stated otherwise

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

2021	Real estate	Means of transport	Forklifts	IN TOTAL
GROSS VALUE				
As at 1 December 2021	**12 053**	**2 994**	**3 304**	**18 351**
Increases - new leasing objects	-	570	1 631	2 201
Increases - change of contract, fees	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**
CONSOLIDATED DEPRECIATION				
As at 1 December 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 1 December 2021	**7 809**	**1 770**	**1 529**	**11 108**
As at 31 December 2021	**11 600**	**1 470**	**2 379**	**15 449**

9. 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 Company 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.

All amounts expressed in thousands PLN, unless stated otherwise

TRADE RECEIVABLES AND OTHER RECEIVABLES	As at:	
	31 December 2022	31 December 2021
Trade receivables from unrelated parties	50 961	44 333
Write-off for expected credit losses	(21 274)	(21 693)
Net trade receivables	29 687	22 640
Other receivables	6	7
Prepayments and accruals - active	322	157
Trade receivables from related parties	2 484	12 427
Loans granted	30 883	28 320
IN TOTAL	**63 382**	**63 551**
inluding:		
Long-term	28 442	8 320
Short-term	34 940	55 231

Based on the analyses carried out, the Company assessed that the carrying amount of individual receivables presented in these financial statements is similar to their fair values.

There is no concentration of credit risk on trade receivables as the Company has a large number of customers. The net value of the allowances for expected credit losses, adjusteb by the amounts of receivables written off, totalling PLN 924 thousand, was recognised in other operating income. In 2021, a positive amount of PLN 367 thousand on this account was recognized in other operating income. Based on the analyses carried out, the Company assessed that the carrying amount of individual receivables presented in these financial statements is similar to their fair values.

All allowances for expected credit losses relate to short-term receivables.

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

CHANGE IN THE BALANCE OF WRITE-OFFS	12-months period ended 31 December	
	2022	2021 r.
Opening balance:	21 693	25 310
Increases– Write-offs for expected credit losses	2 156	678
Use-up	(1 672)	(3 297)
Correction of the previous write-off	(903)	(998)
Closing balance	**21 274**	**21 693**

All amounts expressed in thousands PLN, unless stated otherwise

10. Inventory

Inventories of 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.

INVENTORIES	As at:	
	31 December 2022	31 December 2021
Materials	3 348	2 696
Goods	2 347	2 341
Net inventory value	**5 695**	**5 037**
Updating write-off of inventory value	(429)	(548)
Net inventory value	**5 266**	**4 489**

11. 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.

CASH ON HAND AND IN BANK	As at:	
	31 December 2022	31 December 2021
Total cash including:	**32 835**	**38 237**
Restricted cash, including:	1 679	833
- ZFŚS cash	203	102
- Cash on VAT accounts	1 476	731

In accordance with the Company'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.

All amounts expressed in thousands PLN, unless stated otherwise

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

	As at:	
	31 December 2022	31 December 2021
Cash and cash equivalents	32 835	38 237
Overdraft (note 14)	-	-
Cash and cash equivalents shown in the cash flow statement	**32 835**	**38 237**

12. 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 in the amount of PLN 3 504 thousand, as well as the surplus from profit distribution over the statutory required write-off in the amount of PLN 159 988 thousand. These amounts constitute the Company's supplementary capital. The item "Retained earnings" also includes the financial result of the current fiscal year.

CHANGES IN SHARE AND SUPPLEMENTARY CAPITAL	Number of shares	Nominal share value	Surplus from the sale of shares above par value	IN TOTAL
As at 1 January 2021	**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
Increases	-	-	-	-
Decreases	-	-	-	-
As at 31 December 2022	**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 2022, the Company's shareholder structure is as follows:

SHAREHOLDERS	**Share capital**		**Votes at GSM**	
	Number of shares	**%**	**Number of shares**	**%**
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%**

* Number of shares held by funds represented by TFI Quercus S.A. at GSM held on April 20, 2020.

All amounts expressed in thousands PLN, unless stated otherwise

13. Trade payables and other liabilities

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

- 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.

TRADE PAYABLES AND OTHER LIABILITIES	As at:	
	31 December 2022	31 December 2021
Trade liabilities to unrelated parties	16 862	15 138
Trade liabilities to related parties	14 105	8 844
Tax and other liabilities	2 520	2 963
Accruals of (passive costs)	5 418	4 220
Contractual liabilities	14	27
Other liabilities	45	2
IN TOTAL	**38 964**	**31 194**
including:		
Long-term	-	-
Short-term	38 964	31 194

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

14. 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 Company has an unconditional right to defer payment of the liability for at least 12 months from the balance sheet date.

In 2015, the Company settled all liabilities by virtue of bank credits contracted in previous years. On August 19, 2022, the Company concluded an overdraft facility agreement in the Polish currency with ING Bank Śląski S.A. up to PLN 10,000 thousand. In the period covered by this report the Company did not use credit founds.

15. 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.

All amounts expressed in thousands PLN, unless stated otherwise

Lease liabilities

At the date of commencement of the lease, the Company 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 Company and the payment of fines for the termination of the lease if the terms of the lease provide for the Company 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 Company 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 2022 are as follows:

LIABILITIES DUE WITHIN THE PERIOD	Real estate	Passenger car	Forklift truck	**Total liabilities**
Up to 3 months	775	214	253	1 242
From 3 to 12 months	1 434	490	781	2 705
From more than a year up to 5 years	3 555	618	1 506	5 679
More than 5 years	168	-	-	168
In total	**5 932**	**1 322**	**2 540**	**9 794**

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

LIABILITIES DUE WITHIN THE PERIOD	Real estate	Passenger car	Forklift truck	**Total liabilities**
Up to 3 months	745	210	196	1 151
From 3 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**

In the year ended 31 December 2022, the Company incurred costs related to short-term leases and low value assets in the amount of PLN 612 thousand. There were no costs of variable lease payments, not included in the valuation of lease liabilities.

16. Deferred income tax

All amounts expressed in thousands PLN, unless stated otherwise

Deferred income tax assets and liabilities resulting from temporary differences between the tax value of assets and liabilities and their carrying amount in the financial statements 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.

DEFFERED TAX	As at:	
	31 December 2022	31 December 2021
Assets due to deferred income tax:	2 403	2 013
Provision for deferred income tax:	(13 276)	(11 503)
Compensation	2 403	2 013
Balance sheet value of an asset due to deferred income tax	-	-
Balance sheet provision due to deferred income tax	(10 873)	(9 490)

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

CHANGES IN DEFFERED TAX	Statement of financial position		Profit and loss account	
	2022	2021	2022	2021
Provision due to deferred tax				
Tax depreciation	13 130	11 472	(1 657)	(845)
Unrealised foreign exchange differences	10	15	4	8
Other	136	16	(119)	57
Provision for deferred income tax	**13 276**	**11 503**	**(1 772)**	**(780)**
Assets due to deferred tax				
Write-offs for expected credit losses	1 023	903	120	(259)
Provisions for costs	1 366	1 099	267	203
Unrealised foreign exchange differences	14	11	2	5
In total Assets due to deferred tax	**2 403**	**2 013**	**389**	**(51)**
(Charge)/recognition due to deferred income tax			**(1 383)**	**(831)**

17. 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 Company

All amounts expressed in thousands PLN, unless stated otherwise

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 Company 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 acy.

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 Company.

	31 December 2022	31 December 2021
Liabilities recognised in the statement of financial position due to:		
- Pension benefits	311	349

CHANGE OF BALANCE SHEET LIABILITY STATUS	31 December 2022	31 December 2021
Provision for retirement benefits at the beginning of the period	349	372
Write-off for the provision for retirement benefits	29	34
Interest cost	11	5
Actuarial gains and losses, net	(34)	(62)
Benefits paid-up	(44)	-
Provision for retirement benefits at the end of the period	**311**	**349**

18. Sales revenues

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

The Company 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,

All amounts expressed in thousands PLN, unless stated otherwise

- The Company is able to identify the rights of each party regarding the goods or services to be transferred,
- The Company 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 Company 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 Company 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 Company 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 Company'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 Company 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 Company 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 Company 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 Company 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 Company arises and the Company 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 Company 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.

The construction industry with which the Company's operations are related to is subject to seasonality. A decrease in the activity of construction companies in winter months and intensificatio od activity in the summer and autumn can be noticed. Weather conditions also play an important role in a particular year.

Revenues from sales in geographical terms are as follows:

GEOGRAPHICAL STRUCTURE OF REVENUE	12-month period ended 31 December	
	2022	2021
Domestic sales revenues	150 578	125 852
Foreign sales revenues	22 897	57 571
In total	**173 475**	**183 423**

Company's main foreign sales markets are: Lithuania, Spain, Ukraine, Germany, Kazakhstan, Czech Republic, Italy and Romania.

19. Costs by type and employee benefits costs

COSTS BY TYPE	12-month period ended 31 December	
	2022	2021
Depreciation of tangible, intangible assets and assets due to the rights of use	46 337	39 046
Employee benefits cost	42 030	36 366
Use-up of resources, materials and energy	12 639	10 989
Transport services	13 920	12 174
Short-term rental and lease services	4 102	4 351
Renovation services	4 746	4 993
Installation and construction services	138	247
Other services	11 753	11 976
Other costs	5 442	4 745
Value of goods, materials and formwork sold (fixed assets)	21 796	32 623
In total	**162 903**	**157 510**
including:	-	-
Costs of benefits for own use	123	143
Costs of products, goods and materials sold	140 777	138 855
Selling and marketing costs	1 884	1 503
Management costs	20 119	17 009

EMPLOYEE BENEFITS COSTS	12-month period ended 31 December	
	2022	2021
Salary costs and costs of termination benefits	34 224	29 755
Costs of social insurance and benefits for employees	7 806	6 611
In total	**42 030**	**36 366**

All amounts expressed in thousands PLN, unless stated otherwise

20. Other income and operational costs

OTHER OPERATIONAL INCOME	12-months period ended 31 December	
	2022	2021
Inventory surpluses	294	268
Gains on change in fair value of futures contracts	81	71
Compensations received - lost components of tangible and current assets	23	-
Sale and recovery of property, plant and equipment	-	681
Change in write-downs for expected credit losses and written off receivables	-	367
Re-invoicing	96	332
Change in tangible fixed assets write-downs	101	-
Change in inventory write-downs	119	-
Other	79	27
In total	**793**	**1 746**

OTHER OPERATIONAL COSTS	12-months period ended 31 December	
	2022	2021
Sale and recovery of property, plant and equipment	(165)	-
A write-off updating the value of tangible fixed assets	-	(166)
A write-off updating the value of inventories	-	(208)
Change in write-downs for expected credit losses and written off receivables	(924)	-
Other	(6)	(98)
In total	**(1 095)**	**(472)**

21. Financial income and costs

Financial income includes interest income related to funds invested by the Company, 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 Company 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.

All amounts expressed in thousands PLN, unless stated otherwise

FINANCIAL INCOME	12-month period ended 31 December	
	2022	2021
Interest on loans granted	1 691	620
Interest on cash in bank accounts	105	-
Updating the value of investments in an associate	800	-
Other	291	27
In total	**2 887**	**647**

FINANCIAL COSTS	12-month period ended 31 December	
	2022	2021
Interests costs due to delay in payment liabilities	(9)	(3)
Interests costs due to right of use	(995)	(581)
Interests and bank commissions	(50)	-
Other	-	(27)
In total	**(1 054)**	**(611)**

22. Income tax

INCOME TAX	12-month period ended 31 December	
	2022	2021
Current tax	(1 145)	(4 855)
Deferred tax (note 16)	(1 383)	(831)
In total	**(2 528)**	**(5 686)**

The income tax on the Company's pre-tax profit differs as follows from the theoretical amount that would be obtained by applying the applicable tax rate to pre-tax profit:

INCOME TAX	12-month period ended 31 December	
	2022	2021
Profit (loss) before tax	**12 226**	**27 366**
Non-taxable income and taxable income shown in the profit and loss account in previous years, including:	(1 327)	6
- unrealised foreign exchange differences	(163)	28
- valuation of investments (associate entity)	(800)	-
- other	(364)	(22)
Permanently non-deductible costs, including:	2 407	2 553
- Representation costs	696	566
- Previous years' costs	40	138
- PFRON fees	349	293
- 25% operation of passenger car	629	797
- other	693	759
Tax base	**13 306**	**29 925**
Charging the financial result on account of income tax	**2 528**	**5 686**

All amounts expressed in thousands PLN, unless stated otherwise

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 and charge the Company 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.

23. Information on average employment

ŚREDNIE ZATRUDNIENIE	12-month period ended 31 December	
	2022	2021
ULMA Construccion Polska S.A.	341	334
ULMA Construccion Polska S.A. Capital Group	418	414

24. Contingent items/guarantees

Type of commitment	Receiver	Guarantor/Pledger	Nominal amount	End date	Commitment tittle
Bank guarantee	Renter	mBank S.A.	4 090 000,00	31.03.2023	Logistic center lease agreement
Pledge on movable property	ING Bank Śląski S.A.	ULMA Construccion Polska S.A.	15 000 000,00	18.08.2023	Security for loan agreement

25. Events after the balance sheet date

After the balance sheet date no events occurred that would have a material impact on this financial statements.

26. Transactions with associated entities

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

The parent entity:

- ULMA Construccion Polska S.A. based in Koszajec (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%.

All amounts expressed in thousands PLN, unless stated otherwise

- ULMA Construccion BALTIC sp. z.o.o with its registered office in Vilnius, ul. Justiniskiu str. 126 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 Company 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.

Transactions concluded by 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. with affiliates

TRADE RECEIVABLES	**As at:**	
	31 December 2022	**31 December 2021**
From the parent unit	893	315
From subsidiaries	1 211	4 695
From affiliate	89	103
From other related entities	291	7 314
In total	**2 484**	**12 427**

TRADE LIABILITIES	**As at:**	
	31 December 2022	**31 December 2021**
From the parent unit	2 257	8 329
From subsidiaries	11 766	422
From affiliate	5	21
From other related entities	77	72
In total	**14 105**	**8 844**

SALES	**12-months period ended 31 December**	
	2022	**2021**
To the parent unit	3 497	11 725
To subsidiaries	12 167	31 009
To affiliate	889	511
To other related entities	5 751	13 991
In total	**22 304**	**57 236**

All amounts expressed in thousands PLN, unless stated otherwise

PURCHASES	12-months period ended 31 December	
	2022	2021
To the parent unit	48 659	36 612
To subsidiaries	9 765	1 774
To affiliate	161	134
To other related entities	2 371	1 463
In total	**60 956**	**39 983**

FINANCIAL TRANSACTIONS	Currency of transaction	12-months period ended 31 December	
		2022	2021
Loans granted			
- parent unit	PLN	-	20 000
- subsidiaries	EUR	50	-
- other related entities	EUR	750	-
Loans repaid			
- parent unit	PLN	-	20 000
- subsidiaries	EUR	-	-
- other related entities	EUR	280	-
Interests income			
- parent unit	PLN	1 395	455
- subsidiaries	EUR	52	36
- other related entities	EUR	11	-

ULMA Construccion Polska S.A. granted a long-term loan of EUR 2,500 thousand to its subsidiary ULMA Construccion BALTIC. The loan was granted on market terms until 3 January 2025 (under the annex of 29 June 2022). As at 31 December 2022 the receivable under the loan was EUR 1 800 thousand.

ULMA Construccion Poland S.A. granted to the parent company ULMA CyE, S. Coop a long-term loan of 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), 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 January 2024 (under the annex of 5 July 2022).

On June, 23, 2022, ULMA Construccion Polska S.A. granted a loan of EUR 50 thousand to its subsidiary ULMA Opałubka Kazachstan sp. z o.o. The loan was granted on market terms until 31 March 2023. As at 31 December 2022 the receivable under the loan was EUR 50 thousand.

On July, 12, 2022, ULMA Construccion Polska S.A. granted a loan of EUR 250 thousand to its related entities ULMA Construccion CZ s.r.o. The loan was granted on market terms until 30 April 2023. As at 31 December 2022 the receivable under the loan was EUR 110 thousand.

All amounts expressed in thousands PLN, unless stated otherwise

On July, 12, 2022, ULMA Construccion Polska S.A. granted a loan of EUR 500 thousand to its related entities ULMA Construccion SK s.r.o. The loan was granted on market terms until 31 December 2023. As at 31 December 2022 the receivable under the loan was EUR 360 thousand.

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

The members of the Management Board and Supervisory Board of the 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 Company and ULMA Group companies. In 2022 and 2021 neither the Company 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 2022 and 31 December 2021, there were no loans granted by the companies of the Group to members of the management and supervisory bodies and their relatives.

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

MANAGEMENT BOARD'S REMUNERATION	12-month period ended 31 December	
	2022	2021
Rodolfo Carlos Muñiz Urdampilleta	1 980	2 044
Andrzej Sterczyński	511	485
Krzysztof Orzełowski	423	411
Marek Czupryński (from 1 February 2021)	544	438

SUPERVISORY BOARD'S REMUNERATION	12-month period ended 31 December	
	2022	2021
Michał Markowski	37	38

Other Members of the Management Board and Members of the Supervisory Board did not receive remuneration in the presented periods.

28. Profit per share

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

BASIC AND DILUTED EARNINGS PER SHARE	12-months period ended 31 December	
	2022	2021
Profit (loss) attributable to equity holders of the parent entity	9 698	21 680
Number of ordinary shares as at the balance sheet date	5 255 632	5 255 632
Weighted average number of ordinary shares	5 255 632	5 255 632
Basic earnings (loss) per share (in PLN per share)	1,85	4,13
Diluted earnings (loss) per share (in PLN per share)	1,85	4,13

All amounts expressed in thousands PLN, unless stated otherwise

29. Profit distribution proposal

Until the date of approval of these financial statements for publication, the Management Board of the Company did not adopt a resolution recommending the distribution of profit generated in 2022.

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
Jacek Kuczewski	Chief Account	

Koszajec, date 5 April 2023