CONSOLIDATED FINANCIAL STATEMENT

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

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

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

Registered Seat

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

The parent entity and Group composition

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

The ULMA Construccion Polska S.A. Group the following companies are included:

The parent entity:

ULMA Construccion Polska S.A. based in Koszajec (gm. Brwinów), performing a management and administrativ role for the entire Group is responsible for commercial activities in the field of products and services offered by the Capital Group on the domestic market and on selected foreign markets.

All amounts expressed in thousands PLN, unless stated otherwise

Subsidiaries:

- ULMA Opałubka Ukraina z siedzibą w Kijowie przy ul. Naberezhno – Pechers'ka Doroga 7, powstała dnia 18.07.2001 r. Została zarejestrowana w Swiatoszynskim Oddziale Administracji Państwowej dla miasta Kijowa pod nr 5878/01 i otrzymała kod identyfikacyjny 31563803. Przedmiotem działalności spółki jest sprzedaż i dzierżawa deskowań, sprzedaż materiałów budowlanych. Udział emitenta w kapitale oraz w całkowitej liczbie głosów wynosi 100%.

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

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

- The Group also holds shares in an associate:

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

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

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

Audit Commitee

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

All amounts expressed in thousands PLN, unless stated otherwise

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
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

CONSOLIDATED

FINANCIAL STATEMENT

FOR THE YEAR ENDING ON 31 DECEMBER 2022

Consolidated 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	19	200 943	209 851
Costs of products, goods and materials sold	20	(155 360)	(155 037)
I. Gross profit on sales		**45 583**	**54 814**
Selling and marketing costs	20	(1 909)	(1 628)
General management costs	20	(24 088)	(20 975)
Other operating income	21	883	1 915
Other operating costs	21	(5 160)	(2 164)
Including: reversal of impairment losses on receivables		(4 051)	(1 723)
II. Profit (Loss) at the operational level		**15 309**	**31 962**
Financial income	22	5 143	1 154
Financial costs	22	(2 762)	(600)
Share in profits (losses) in associated companies		427	(647)
III. Profit / loss before tax		**18 117**	**31 869**
Income tax	23	(3 662)	(6 891)
IV. Net profit / loss for the financial period		**14 455**	**24 978**
Other comprehensive net income to be reclassified to profit / (loss) in subsequent reporting periods			
Exchange differences regarding net investments in a subsidiary		163	(28)
Exchange differences on the translation of financial statements of foreign subsidiaries		(6 847)	4 054
V. Total income for the financial period		**7 771**	**29 004**
Net profit attributable to equity holders of the parent	27	14 455	24 978
Net profit attributable to non-controlling interests		-	-
The total income of the financial period attributable to the shareholders of the parent company		7 771	29 004
The total income of the financial period attributable to non-controlling interests		-	-
Weighted average number of ordinary shares		5 255 632	5 255 632
Basic earnings per share attributable to shareholders of the parent company (in PLN per share)	27	2,75	4,75
Diluted earnings per share attributable to shareholders of the parent company (in PLN per share)	27	2,75	4,75

All amounts expressed in thousands PLN, unless stated otherwise

Consolidated statement of financial position

	Note	As at: 31 December 2022	31 December 2021
ASSETS			
I. Fixed assets			
Property, plant and equipment	5	270 209	260 504
Intangible assets	6	149	241
Shares in affiliates	8	1 844	1 500
Assets due to right of use	9	12 978	15 449
Assets due to deferred income tax	17	5 381	5 824
Long-term receivables under loan	10	20 000	-
Fixed assets in total:		**310 561**	**283 518**
II. Current assets			
Inventory	11	8 812	8 415
Trade receivables and other receivables	10	41 204	58 706
Income tax receivables		614	531
Derivative financial instruments	7	-	6
Cash and cash equivalents	12	35 199	49 684
Current assets in total:		**85 829**	**117 342**
Total assets:		**396 390**	**400 860**

All amounts expressed in thousands PLN, unless stated otherwise

	Note	As at: 31 December 2022	31 December 2021
EQUITY CAPITAL AND LIABILITIES			
I. Equity			
Share capital	13	10 511	10 511
Supplementary capital - surplus from the sale of shares above par value	13	114 990	114 990
Exchange differences on translating foreign entities		(16 934)	(10 250)
Retained earnings, including:		234 638	220 183
- Net profit/loss for the financial period		14 455	24 978
Total equity:		**343 205**	**335 434**
II. Liabilities			
Long-term liabilities			
Provision for deferred income tax	17	10 873	9 490
Long-term liabilities due to retirement benefits	18	267	285
Long-term liabilities due to the right of use (leasing)	16	5 847	8 276
Long-term liabilities in total:		**16 987**	**18 051**
Short-term liabilities			
Derivatives		-	-
Short-term liabilities due to retirement benefits	18	44	64
Current income tax liabilities		153	797
Short-term liabilities due to the right of use (leasing)	16	3 947	3 767
Trade payables and other liabilities	14	32 054	42 747
Short-term liabilities in total:		**36 198**	**47 375**
Total liabilities:		**53 185**	**65 426**
Total equity and liabilities:		**396 390**	**400 860**

All amounts expressed in thousands PLN, unless stated otherwise

Report on changes in consolidated equity

	Share capital at par value	Surplus from the sale of shares above par value	Exchange differences on translating foreign entities	Retained profits	IN TOTAL EQUITY
As at 1 January 2022	**10 511**	**114 990**	**(10 250)**	**220 183**	**335 434**
Net profit	-	-	-	14 455	14 455
Other comprehensive income	-	-	(6 684)	-	(6 684)
As at 31 December 2022	**10 511**	**114 990**	**(16 934)**	**234 638**	**343 205**

	Share capital at par value	Surplus from the sale of shares above par value	Exchange differences on translating foreign entities	Retained profits	IN TOTAL EQUITY
As at 1 December 2021	**10 511**	**114 990**	**(14 277)**	**235 253**	**346 477**
Net profit	-	-	-	24 978	24 978
Other comprehensive income	-	-	4 027	-	4 027
Dividends paid				(40 048)	(40 048)
As at 31 December 2021	**10 511**	**114 990**	**(10 250)**	**220 183**	**335 434**

All amounts expressed in thousands PLN, unless stated otherwise

Consolidated cash flow statement

	Nota	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		14 455	24 978
Adjustments:			
- Income tax	23	3 662	6 891
- Depreciation of fixed assets	5	48 225	39 610
- Depreciation of intangible assets	6	113	219
- 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		12 591	12 812
- (Profits) / losses due to changes in the fair value of financial instruments		6	(60)
- Interest income		(1 651)	(745)
- Interest costs		1 005	584
- (Profits) / Losses due to foreign exchange losses		(376)	833
- Change in the value of shares in the associated entities		(344)	711
- Change in the provision for retirement benefits		(38)	(23)
Formwork – acquisitions and other increase in assets		(72 067)	(62 056)
Changes in working capital:			
- Inventory		(397)	(983)
- Trade receivables and other receivables		(294)	(6 413)
- Trade payables and other liabilities		(10 693)	15 831
Income tax paid		(2 867)	(6 741)
Net cash from operating activities		**(4 638)**	**29 141**
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		1 651	745
Loans granted		(3 625)	(20 000)
Acquisition of other tangible assets		(2 853)	(2 491)
Acquisition of tangible and intangible assets		(25)	(180)
Net cash from investing activities		**(3 495)**	**7 189**
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		**(12 899)**	**(8 064)**
Cash at the beginning of the period		49 684	57 765
Exchange losses/ gains on cash and cash equivalents		(1 586)	(17)
Cash at the end of the period	12	**35 199**	**49 684**

All amounts expressed in thousands PLN, unless stated otherwise

ADDITIONAL INFORMATION

TO CONSOLIDATED FINANCIAL STATEMENT

Notes to the consolidated financial statement

1. Description of the most important applied accounting principles

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

A. Declaration of conformity and general principles of document preparation

Consolidated financial statement of the ULMA Construccion Polska S.A. Capital Group cover the period ended on 31 December 2022 and includes comparative data for the nine months ended as at 31 December 2021.

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

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

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

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

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

This consolidated financial statement has been prepared on the assumption that the Parent entity and the subsidiaries will continue will continue to operate in the foreseeable future, i.e. for at least the next 12 months.

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 continuity of the activities of the subsidiary 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 2022.

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.

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, and which at the consolidated level of the Capital Group amounts to PLN 436 thousand.

In view of the indicated facts and taking into account the scope of operating activities, at the moment there is no risk for the continuation of operactions by ULMA Opałubka Ukraina and ULMA Construccion Polska S.A. Capital Group. In particular, it should be noted that the long-term financial and operating plans prepared by the Management Board of the Capital Group show a significant development potential of the above-mentioned subsidiary. At the same time, the Management Board upholds its decision to continue the current policy regarding the valuation of trade receivables.

Selected items of the statement of financial position as at December 31, 2022 are presented below (without intra-group exclusions incase of ULMA Upałubka Ukraina) along with an indication of their relationship to the relevant balance sheet items prepared for the consolidated data of the entire Capital Group.

All amounts expressed in thousands PLN, unless stated otherwise

STATEMENT OF FINANCIAL ACTIVITIES (extract)	31 December 2022		
	Consolidated date	ULMA Opalubka UA	% Share
ASSETS			
Fixed assets, including:	310 561	20 701	6,7%
- formwork systems	201 786	18 479	9,2%
Current assets, including:	85 829	19 621	22,9%
- inventory	8 812	3 329	37,8%
- receivables	41 818	15 875	38,0%
- Cash	35 199	417	1,2%
Assets in total:	**396 390**	**40 322**	**10,2%**
EQUITY AND LIABILITIES			
Equity, including:	343 205	36 097	10,5%
- Net profit/loss for the financial period	14 455	370	2,6%
Long-term liabilities	16 987	-	0,0%
Short-term liabilities	36 198	4 225	11,7%
Liabilities in total:	53 185	4 225	7,9%
Total equity and liabilities:	**396 390**	**40 322**	**10,2%**

This consolidated financial statement of Capital Group ULMA Construccion Polska S.A. was approved for publication by the Management Board on 5 April 2023.

B. Changes in applied accounting principles

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

Standards and interpretations that apply for the first time

Amended standards and interpretations that apply for the first time in 2022 have no material impact on the consolidated financial statement of the Group.

1. <u>Amendments to IAS 16: Fixed assets: Revenues before commissioning</u>

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 Group 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 Group first applied the amendments.

2. <u>Amendments to IAS 37: Burdensome contracts - costs of fulfilling contractual obligations</u>

All amounts expressed in thousands PLN, unless stated otherwise

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 Group 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 Group 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. Amendments resulting from improvements to IFRS 2018–2020:

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 Group 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 Group 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 Group 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. Consolidation

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

Exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised initially in a separate component of equity and recognised in other comprehensive income, and on disposal of the net investment they are recognised in profit or loss.

D. Valuation of items denominated in foreign currencies

Functional and presentation currency

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

Transactions and balances

All amounts expressed in thousands PLN, unless stated otherwise

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

Foreign companies

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

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

Currency exchange rates and inflation

	Average zloty exchange rates published by the National Bank of Poland				published by the Central Statistical Office
	EUR/PLN (UE - euro)	UAH/PLN (Ukraine - Hryvnia)	100 KZT/PLN (Kazakhstan - Tenge)	RON/PLN (Romania - Leu)	Change in the price index of consumer goods and services (%)
31.12.2022	4,6899	0,1258	0,9547	0,9475	14,40
31.12.2021	4,5994	0,1487	0,9354	0,9293	5,10

2. Significant estimates and judgements made

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

- The balance sheet value of tangible fixed assets is determined with the use of estimations concerning useful life of particular groups of fixed assets. The adopted useful lives of tangible fixed assets are subject to periodical verification based on analyses carried out by the Group.

All amounts expressed in thousands PLN, unless stated otherwise

Expenditure of fixed assets from the group of shuttering systems (sale, scrapping, wear and tear for the needs of contract execution) is valued at the net book value of the oldest items of a given assortment. This is due to the fact that the elements of this group of fixed assets are specified in terms of species and there is no identification in terms of identity.

- Write-offs for expected credit losses are created in accordance with IFRS 9. For receivables classified to NORMA group, the Group estimates the level of expected credit losses using the LGD (Loss Given Default) ratio, which in 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 Group recognises a write-down for expected credit losses in the amount resulting from the estimates.

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

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

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

- Legal regulations concerning value added tax, corporate income tax and social security charges are subject to frequent changes, which in turn results in the lack of appropriate reference points, inconsistent official interpretations and a low number of established precedents on which the taxpayer could rely.
  The current provisions also contain ambiguities that cause differences in opinions on the legal interpretation of tax regulations, both between state authorities themselves and in contacts between state authorities and taxpayers.
  Tax settlements and other areas of taxpayers' activity (e.g. customs or foreign exchange issues) may be subject to control by state authorities, which are entitled to impose high penalties and fines, and any additional tax liabilities arising as a result of the control must be paid by the taxpayer together with high default interest.
  Consequently, the amounts presented in the financial statements may change in the future as a result of a final decision of the tax inspection authority. The Gropu makes intensive efforts to reduce the degree of uncertainty in tax settlements by regular participation in training courses, by using the services of tax advisors and by applying for an individual interpretation to the tax authorities.
  In the opinion of the Management Board, there are no circumstances indicating that significant liabilities may arise in the Group on this account.

- The Group recognises and measures current and deferred income tax assets and/or liabilities using the requirements of IAS 12 Income Taxes, basing its calculation on profit (tax loss), tax base and tax rates and taking into account the assessment of uncertainties related to tax settlements.

3. Financial risk management

The Group's operations are exposed to various types of financial risk: currency risk, cash flow and fair value risk as a result of interest rate changes, credit risk and liquidity risk.

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

Currency exchange risk

The Group conducts international operations and is exposed to the risk of changes in exchange rates of various currencies, especially the Euro. The risk of changes in exchange rates concerns future commercial transactions (sale of products and goods and purchase of goods and services) and recognised assets and liabilities. The risk of currency exchange rate changes occurs when future trade transactions, included assets and liabilities are expressed in a different currency than the functional currency of companies being part of the Group.
The Group hedges the net currency position using mainly cash resources (exchange of PLN into currency) and then forward contracts.

The conducted analyses do not indicate that the Group is significantly exposed to the risk of changes in exchange rates in relation to financial instruments. This is mainly due to the fact that the Group's currency exposure in this respect is highly balanced.

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

If the Polish zloty had weakened/increased by 10% in relation to the EUR and EUR, with other parameters unchanged, exchange differences reported under a separate equity item in connection with the above loan would have increased/decreased the consolidated equity by PLN 684 thousand (in 2021 by PLN 671 thousand).

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

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

The Group has no significant debt, the cost of which depends on the interest rate. The Group's income calculated on the basis of the interest rate (WIBOR 1M) is income from interest on a loan granted to its parent company - ULMA C y E S. Coop. Taking into account the current published inflation forecasts, the Group is not afraid of the risk of a decrease in cash flows on this account.

Credit risk

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

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

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

Trade receivables in respect of which no impairment has been found constitute 51.7% of the gross value of this group of financial assets, of which 59.5% of the group's value are trade receivables that are not overdue (in 2021 these figures were 51.7% and 58.7% respectively).

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

	As at: 31 December 2022			As at: 31 December 2021		
MATURITY	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	26 253	(1 343)	24 910	22 627	(1 393)	21 234
Up to 30 days	5 967	(360)	5 607	9 911	-	9 911
From 31 to 90 days	5 019	(979)	4 040	5 158	(1 536)	3 622
From 91 to 180 days	2 596	(937)	1 659	2 957	(1 573)	1 384
From 181 to 360 days	3 086	(2 433)	653	882	(874)	8
More than 360 days	28 566	(28 526)	40	28 441	(28 441)	-
In total	**71 487**	**(34 578)**	**36 909**	**69 976**	**(33 817)**	**36 159**

Value loss was found in the case of financial assets in the group of trade receivables and other receivables with the value of PLN 34,578 thousand, covering them with a write-off on expected credit losses. When determining the impairment of particular financial assets, the Group is guided by the individual assessment of each customer, including mainly the assessment of their financial standing and the collateral held. The Group uses mainly blank promissory notes and insurance of foreign receivables relating to the eastern markets as the basic means of securing the recovery of receivables.

The Capital Group has a concentration of credit risk related to receivables from granted loans.
As at the balance sheet date the amount of the loan granted to the parent company Ulma CyE S. Coop was PLN 20,000 thousand.
The loan is secured by:
1) a promissory note with a promissory note declaration issued by the borrower,

2) an agreement on irrevocable purchase of the borrower's assets (shuttering and scaffolding) at an attractive discount, which is currently held by the lender on a lease basis. The offer to purchase the assets will only materialise if the borrower fails to repay the loan by the agreed date.
The loan was granted on market terms (fixed margin + WIBOR 1M) and its final repayment date was agreed by the parties as 31 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

Liquidity risk management assumes maintaining an adequate level of cash, availability of funding through sufficient credit facilities and the ability to close market positions. The Group maintains sufficient cash resources to meet its maturing liabilities and ensures the possibility of financing through the credit lines granted.

All trade payables of the Group are due and payable within 3 months of the balance sheet date, except for the liabilities under the right of use (lease), for which the maturity structure is presented in note 16.

The table below shows the Group's financial liabilities as at 31 December 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	1 502	32 054	33 556
From 3 to 12 months	3 262	-	3 262
From more than a year up to 5 years	6 391	-	6 391
More than 5 years	548	-	548
In total	**11 703**	**32 054**	**43 757**

	31 December 2021		
MATURITY	Lease liabilities	Trade and other liabilities	**In total**
Up to 3 months	1 351	42 747	44 098
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**	**42 747**	**56 722**

All amounts expressed in thousands PLN, unless stated otherwise

Working capital management

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

Dividend policy

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

4. Information on business activity segments

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

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

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

The segment results are as follows:

	12-month period ended					
	31 December 2022			31 December 2021		
	Construction site services	Sales of building materials	Total segments	Construction site services	Sales of building materials	Total segments
Sales revenue in total	163 001	60 223	223 224	158 681	85 210	243 891
Internal sale	(3 668)	(18 613)	(22 281)	(4 969)	(29 071)	(34 040)
Sales revenues	**159 333**	**41 610**	**200 943**	**153 712**	**56 139**	**209 851**
Operating costs without depreciation	(113 671)	(42 223)	(155 894)	(100 632)	(55 660)	(156 292)
Internal turnover costs	299	22 279	22 578	352	21 717	22 069

All amounts expressed in thousands PLN, unless stated otherwise

Consolidated costs without depreciation	**(113 372)**	**(19 944)**	**(133 316)**	**(100 280)**	**(33 943)**	**(134 223)**
EBITDA	**45 961**	**21 666**	**67 627**	**53 432**	**22 196**	**75 628**

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

	12-month period ended	
	31 December 2022	31 December 2021
EBITDA result at segment level	67 627	75 628
Depreciation	(52 318)	(43 666)
Interest income	1 651	745
Other financial income	4 292	409
Interest related costs	(1 005)	(584)
Other financial costs	(2 557)	(16)
Participation in the results of affiliates	427	(647)
Profit (loss) before tax	**18 117**	**31 869**
Income tax	(3 662)	(6 891)
Net profit (loss)	**14 455**	**24 978**

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

As at:	Construction site services	Sales of building materials	Items not assigned	**Total assets**
31 grudnia 2022 r.	235 197	12 310	148 883	**396 390**
31 grudnia 2021 r.	219 854	14 741	166 265	**400 860**

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

Description of the item	**As at:**	
	31 December 2022	**31 December 2021**
Segment assets	247 507	234 595
Unallocated tangible fixed assets in total	68 424	70 483
Unallocated Intangible assets in total	149	241
Investments in the affiliate	1 844	1 500
Assets due to deferred tax	5 381	5 824
Assets due to right of use	12 978	15 449
Tax and other receivables	24 908	23 078
Derivative financial instruments	-	6
Cash and cash equivalents	35 199	49 684
Total Assets	**396 390**	**400 860**

Other receivables not allocated to segments include mainly receivables due to loans granted to related parties in the amount of PLN 20 000 thousand. (20 000 thousand PLN as at 31 December 2021).

All amounts expressed in thousands PLN, unless stated otherwise

5. Tangible fixed assets

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

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

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

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

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

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

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

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

Value loss of non-financial fixed assets

Fixed assets subject to depreciation are analysed for impairment if there are indications that the balance sheet value of owned tangible and intangible assets may not be realized. The amounts of revaluation write-offs determined as a result of the analysis (impairment test) decrease the balance sheet value of the asset to which they relate and are charged to costs of the period. Value loss is recognized in the amount by which the balance sheet value of a given asset exceeds its recoverable value. Recoverable value is the higher of two amounts: fair value less costs to sell and value in use (reflected by the current value of cash flows related to a given asset). For the purpose of impairment analysis, assets are grouped at the lowest level with respect to which there are separately identifiable cash flows (cash-generating units).

With respect to assets other than goodwill, value losses recognised in previous periods are assessed at the end of each reporting period to determine whether there is any indication of a decrease in value loss or a complete reversal of it. A value loss is reversed if, among other things, the estimates used to determine recoverable amount have changed. An impairment loss is reversed only up to the amount of the asset's initial value less depreciation charges that would have been recognised had no impairment loss been recognised.

All amounts expressed in thousands PLN, unless stated otherwise

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

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 January 2022	**99 388**	**15 183**	**539 264**	**3 115**	**253**	**657 203**
Increases due to purchase	871	1 543	65 541	74	366	68 395
Increases - inventory surpluses, retraining	-	-	6 527	-	(242)	6 285
Decreases - sales	-	(370)	(27 162)	(13)	-	(27 545)
Decreases - liquidations, inventory shortages, requalification	-	(690)	(18 397)	(110)	-	(19 197)
Exchange rate differences	(55)	(157)	(5 969)	(52)	(1)	(6 234)
As at: 31 December 2022	**100 204**	**15 509**	**559 804**	**3 014**	**376**	**678 907**
CONSOLIDATED DEPRECIATION						
As at: 1 January 2022	**33 163**	**11 446**	**348 857**	**2 847**	**-**	**396 313**
Depreciation for the period	2 943	1 445	43 712	125	-	48 225
Decreases - sales	-	(369)	(20 120)	(13)	-	(20 502)
Decreases – inventory shortages, liquidations	-	(637)	(14 013)	(109)	-	(14 759)
Exchange rate differences	(17)	(104)	(1 729)	(40)	-	(1 890)
As at: 31 December 2022	**36 089**	**11 781**	**356 707**	**2 810**	**-**	**407 387**
AN UP-DATE WRITE-OFF						
As at: 1 January 2022	**-**	**-**	**386**	**-**	**-**	**386**
Increases	-	-	925	-	-	925
Decreases	-	-	-	-	-	-
As at: 31 December 2022	**-**	**-**	**1 311**	**-**	**-**	**1 311**
NET VALUE						
As at: 1 January 2022	**66 225**	**3 737**	**190 021**	**268**	**253**	**260 505**
As at: 31 December 2022	**64 115**	**3 728**	**201 786**	**204**	**376**	**270 209**

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

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

	12-month period ended 31 December	
	2022	**2021**
Costs of products, goods and materials sold	47 484	38 937
Selling and marketing costs	4	6
General management costs	737	667
IN TOTAL	**48 225**	**39 610**

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 an impairment loss in the amount of PLN 925 thousand, increasing its amount to PLN 1,311 thousand.

All amounts expressed in thousands PLN, unless stated otherwise

6. Intangible assets

Software

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

Table of movements of value of intangible assets in 2022

	Licenses and software	Other	IN TOTAL
GROSS VALUE			
As at: 1 January 2022	**2 372**	**-**	**2 372**
Increases	25	-	25
Decreases - liquidation	-	-	-
Exchange rate differences	(10)	-	(10)
As at: 31 December 2022	**2 387**	**-**	**2 387**
CONSOLIDATED DEPRECIATION			
As at: 1 January 2022	**2 131**	**-**	**2 131**
Depreciation for the period	113	-	113
Decreases – disposal, liquidation	-	-	-
Exchange rate differences	(6)	-	(6)
As at: 31 December 2022	**2 238**	**-**	**2 238**
NET VALUE			
As at: 1 January 2022	**241**	**-**	**241**
As at: 31 December 2022	**149**	**-**	**149**

Table of movements of value of intangible assets in 2021

	Licenses and software	Other	IN TOTAL
GROSS VALUE			
As at: 1 January 2021	**5 367**	**37**	**5 404**
Increases	180	-	180
Decreases - liquidation	(3 199)	(37)	(3 236)
Exchange rate differences	24	-	24
As at: 31 December 2021	**2 372**	**-**	**2 372**
CONSOLIDATED DEPRECIATION			
As at: 1 January 2021	**5 106**	**37**	**5 143**
Depreciation for the period	219	-	219
Decreases – disposal, liquidation	(3 199)	(37)	(3 236)
Exchange rate differences	5	-	5
As at: 31 December 2021	**2 131**	**-**	**2 131**
NET VALUE			
As at: 1 January 2021	**261**	**-**	**261**
As at: 31 December 2021	**241**	**-**	**241**

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	11	12
General management costs	102	207
IN TOTAL	**113**	**219**

7. Financial instruments

<u>Classification of financial assets</u>
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.

<u>Valuation at the time of initial recognition</u>
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.

<u>Valuation after initial recognition</u>
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.

<u>Derecognition</u>
Financial assets are derecognised from the books when:

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

<u>Debt instruments - financial assets valued at amortised cost</u>
A financial asset is valued at amortised cost if both of the following conditions are met:

a) the financial asset is held in accordance with a business model that is designed to hold financial assets to earn contractual cash flows, and
b) the terms of the agreement relating to the financial asset give rise to cash flows on specified dates that are merely the repayment of principal and interest on the principal outstanding.

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

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

All amounts expressed in thousands PLN, unless stated otherwise

- cash and cash equivalents.

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

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

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

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

Interest income, foreign exchange differences and impairment gains and losses are recognised in the financial result and calculated in the same way as financial assets valued at amortised cost. Other changes in fair value are recognised in other comprehensive income. At the moment of discontinuing the recognition of a financial asset, the total profit or loss previously recognised in other comprehensive income is reclassified from the equity item to the financial result.
Interest income is calculated using the effective interest rate method and disclosed in the profit and loss account/ statement of comprehensive income under "Financial income".
The Group does not have a category of debt instruments valued to fair value by other comprehensive income.

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

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

Financial assets valued at fair value through trough financial results

A financial asset that does not meet the criteria for valuation at amortised cost or fair value through other comprehensive income is valued at fair value through profit or loss.
Profit or loss on the valuation of debt investments at fair value is recognized in the financial result.
Dividends are recognised in the profit and loss account/ statement of comprehensive income when the entity's right to receive a dividend arises.
The Group classifies unlisted equity instruments other than shares in associates measured by the equity method and derivatives into the category of financial assets measured at fair value through profit or loss.

In a situation where the Group:

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

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

Value loss of financial assets

The Group assesses expected credit losses ("ECL") related to debt instruments measured at amortised cost and fair value through other comprehensive income, regardless of whether there is any indication of impairment.
In the case of trade receivables, the Group applies a simplified approach and measures the write-off for expected credit losses in the amount equal to the expected credit losses over the whole life using the reserve matrix. The Group uses its historical data on credit losses, adjusted, where applicable, for the impact of future information.
Other receivables belonging to the group: debt collection, court, bankruptcy, enforcement are not of homogeneous nature, therefore the Company analyses each balance individually for impairment. If there is any indication that they are not recoverable, the Group recognises a write-down for expected credit losses in the amount resulting from the estimates. The amount of the write-down corresponds to the difference between the book value and the present value of expected future cash flows, discounted at the original effective interest rate. Changes in the value of write-offs for expected credit losses are charged to the financial result, to other operating costs, in the period in which the change occurs.
In the case of other financial assets, the Group valuates the write-off for expected credit losses in the amount equal to 12-month expected credit losses. If credit risk related with a given financial instrument has significantly increased since the initial recognition, the Group valuates the write-off for expected credit losses from a financial instrument in the amount equal to expected credit losses throughout the credit's whole life. The Group estimates that the credit risk associated with a given financial instrument has significantly increased since the date of its initial recognition in case the delay in repayment exceeds 30 days.
At the same time, the Group estimates that a default occurs if the delay in payment exceeds 90 days.

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

	Fair value 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	35 199	35 199	49 684	49 684
Trade receivables and other receivables	3	39 000	39 000	38 706	38 706
Loans granted	3	22 204	22 204	20 000	20 000
Financial instruments valued at fair value through trough financial results					
Derivatives	2	-	-	6	6
Financial liabilities valued at amortised cost					
Derivatives	2	-	-	-	-
Trade payables and other liabilities	3	36 445	36 445	39 528	39 528

According to the Group's assessment, the fair value of cash, receivables and loans granted, financial liabilities and other liabilities does not differ materially from their carrying values mainly due to their short maturity.
In the period ended 31 December 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

8. Shares in affiliates

NAME OF ENTITY	ULMA Cofraje
Registered seat	Romania
Business object	sale and lease of formwork, sale of building materials
Charakter powiązania	Affiliate entity
Date of taking control/significant impact	02.11.2007
Percentage of the owned share capital	30%
Share in the total numer of votes at the GM	30%
Value of shares valued using the equity method	
As at 31 January 2022	2 000
Share in net profits / (losses)	427
Unrealized profit/(loss) on IC	83
As at 31 December 2022	2 344
Write-down	
As at 31 January 2022	(500)
As at 31 December 2022	(500)
Carrying amount of shares	
As at 31 January 2022	1 500
As at 31 December 2022	**1 844**

Basic data on the affiliate entity ULMA Cofraje	**As at:**	
	31 December 2022	**31 Decermber 2021**
Fixed assets	10 136	10 551
Current assets	10 085	7 674
Equity	9 147	7 581
Long-term liabilities	143	1 744
Short-term liabilities	10 931	8 900
Sales revenues	18 884	14 252
Net financial result	1 422	(489)

The share of ULMA Construccion Polska S.A. in the financial result of the associated company for 2021 was PLN 147 thousand.

9. Assets due to right of use

The Group has lease agreements concerning real estate, passenger cars and forklift trucks. The Group recognises assets under the right of use at the date of commencement of the lease (i.e. the date when the underlying asset is available for use).

Use right assets are measured at cost less accumulated depreciation and impairment losses, adjusted for any revaluation of lease liabilities. The cost of assets due to right of use includes the amount of the recognised lease liability, the initial direct costs incurred and any lease payments made at or before the commencement date, less any incentive received for the lease. Unless the Group has reasonable assurance that it will obtain ownership of the leased asset at the end of the lease term, the recognised useful life asset is depreciated on

All amounts expressed in thousands PLN, unless stated otherwise

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

Short-term leases and leases of low-value assets

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

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

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

Table of changes in the value of assets under the right of use for the period from 1 January to 31 December 2022

	Real estate	Means of transport	Forklifts	IN TOTAL
GROSS VALUE				
As at: 1 January 2022	**18 039**	**3 168**	**3 370**	**24 577**
Increases - new leasing objects	-	728	897	1 625
Increase – change of contract, charges	-	-	-	-
Decreases - ending a leasing contract	-	(690)	(99)	(789)
Decreases - change of contract, charges	(51)	-	-	(51)
As at: 31 December 2022	**17 988**	**3 206**	**4 168**	**25 362**
CONSOLIDATED DEPRECIATION				
As at: 1 January 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 January 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

	Real estate	Means of transport	Forklifts	**IN TOTAL**
GROSS VALUE				
As at: 1 January 2021	**12 053**	**2 994**	**3 304**	**18 351**
Increases - new leasing objects	-	570	1 631	2 201
Increase – change of contract, charges	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**
As at: 31 December 2021				
CONSOLIDATED DEPRECIATION	**4 244**	**1 224**	**1 775**	**7 243**
As at: 1 January 2021	2 195	861	781	3 837
Depreciation for the period	-	(387)	(1 565)	(1 952)
Decreases - ending a leasing contract	**6 439**	**1 698**	**991**	**9 128**
As at: 31 December 2021				
NET VALUE	**7 809**	**1 770**	**1 529**	**11 108**
As at: 1 January 2021	**11 600**	**1 470**	**2 379**	**15 449**

All amounts expressed in thousands PLN, unless stated otherwise

10. Trade receivables and other receivables

rade receivables are initially recognised at fair value corresponding to the nominal value and then valued at amortised cost using the effective interest rate and reduced by write-offs for expected credit losses.

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

TRADE RECEIVABLES AND OTHER RECEIVABLES	As at:	
	31 December 2022	31 December 2021
Trade receivables from non-related parties	70 214	62 244
Write-off for expected credit losses	(34 578)	(33 817)
Net trade receivables	35 636	28 427
Other receivables	2 213	2 909
Write-off for expected credit losses	(505)	(597)
Other net receivables	1 708	2 312
Prepayments and accruals - active	383	235
Trade receivables from related parties	1 273	7 732
Loans granted	22 204	20 000
TOTAL	**61 204**	**58 706**
including:		
Long-term receivables	20 000	-
Short-term receivables	41 204	58 706

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

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

The net value of write-offs for expected credit losses increased by the amounts of written off receivables in the total amount of 4,051 thousand PLN (1,723 thousand PLN in 2021) was recognised in other operating costs in the consolidated profit and loss account.

All write-offs on expected credit losses apply 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:

All amounts expressed in thousands PLN, unless stated otherwise

CHANGE IN THE BALANCE OF WRITE-OFFS	12-month period ended 31 December	
	2022	2021
Opening balance:	**34 414**	**35 946**
Increases– Write-offs for expected credit losses	7 572	7 142
Use-up	(1 249)	(3 297)
Correction of the previous write-off	(3 961)	(5 372)
Exchange rate differences	(1 693)	(5)
Closing balance	**35 083**	**34 414**

11. Inventory

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

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

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

INVENTORY	As at:	
	31 December 2022	31 December 2021
Materials	4 387	4 038
Goods	4 972	5 066
Net inventory value	**9 359**	**9 104**
Updating write-off of inventory value	(547)	(689)
Net inventory value	**8 812**	**8 415**

12. Cash and cash equivalents

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

CASH	As at:	
	31 December 2022	31 December 2021
Total cash including:	**35 199**	**49 684**
Short-term bank deposits	-	7 208
Restricted cash, including:	1 679	833
- ZFŚS cash	203	102
- Cash on VAT accounts	1 476	731

All amounts expressed in thousands PLN, unless stated otherwise

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

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

	As at:	
	31 December 2022	31 December 2021
Cash and cash equivalents	35 199	49 684
Overdraft (note 15)	-	-
Cash and cash equivalents disclosed in the cash flow statement	**35 199**	**49 684**

13. Share capital and supplementary capital

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

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

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

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

CHANGES IN SHERE 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.

All amounts expressed in thousands PLN, unless stated otherwise

As at 31 December 2022, the Company's shareholder structure is as follows:

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

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

14. Trade payables and other liabilities

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

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

TRADE PAYABLES AND OTHER LIABILITIES	As at:	
	31 December 2022	31 December 2021
Trade liabilities to unrelated parties	19 626	25 508
Trade liabilities to related parties	2 419	8 443
Tax and other liabilities	2 794	3 218
Passive accruals – employee benefits	4 105	2 854
Passive accruals - others	1 357	1 788
Contractual liabilities	1 088	433
Other liabilities	665	503
TOTAL	**32 054**	**42 747**
including:		
Long-term	-	-
Short-term	32 054	42 747

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

15. Credits and loans

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

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.

All amounts expressed in thousands PLN, unless stated otherwise

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

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

Lease liabilities

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

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

The discounted lease liabilities as at 31 December 2022 are as follows:

MATURITY	Real estate	Passenger car	Forklift truck	**Total lease liabilities**
Up to 3 months	775	214	253	1 242
From 3 up 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:

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

In the year ended 31 December 2022, the Group 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.

All amounts expressed in thousands PLN, unless stated otherwise

17. Deferred income tax

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

Deferred income tax assets are recognised if it is probable that taxable profit will be available against which the temporary differences can be utilised in the future.
Deferred income tax assets and provisions are offset if there is a legally enforceable right to offset current tax assets and liabilities.

The Capital Group is able to control the dates of reversal of all temporary differences concerning investments in subsidiaries, branches and associates and investments in joint ventures, in relation to which deferred tax was not recognised, and it is probable that these temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities in the consolidated statement of financial position as at 31 December 2022 were shown in amounts resulting from the offsetting of assets and liabilities at the level of each company in the Group.

DEFFERED TAX	**As at:**	
	31 December 2022	**31 December 2021**
Assets due to deferred income tax:	7 784	7 837
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	**5 381**	**5 824**
Balance sheet provision due to deferred income tax	**(10 873)**	**(9 490)**

All amounts expressed in thousands PLN, unless stated otherwise

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	(120)	57
Total provision due to deferred tax	**13 276**	**11 503**	**(1 773)**	**(780)**
Assets due to deferred tax				
Valuation of the tangible fixed assets	3 118	3 795	(677)	1 271
Write-offs for expected credit losses	3 198	2 841	357	(46)
Provisions for costs	1 468	1 189	279	219
Unrealised foreign exchange differences	-	11	(11)	11
Exchange rate differences from the translation of balance sheet items	-	-	304	(162)
Total assets due to deferred tax	**7 784**	**7 837**	**252**	**1 293**
(Charge)/recognition due to deferred income tax			**(1 521)**	**513**

18. Liabilities due to retirement benefits

Retirement severance pay

Retirement severance pay benefits are payable if the employee acquires the right to a retirement benefit in accordance with the Labour Code. The amount of the retirement severance pay due to an employee who acquires pension rights is calculated in the amount of additional remuneration for one month.

The Group creates a provision for future liabilities for post-employment benefits in order to allocate costs to the periods to which they relate. The provision is created as operating expenses in amounts corresponding to the acquisition of future rights by current employees. The present value of these liabilities is calculated by an independent actuary.

Actuarial gains and losses resulting from changes in actuarial assumptions (including changes in discount rate) and ex post actuarial adjustments are recognized in other comprehensive income.

The basis for calculating the provision for an employee is the expected amount of retirement severance pay or disability severance pay that the Group undertakes to pay out under the Regulations.

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

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

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

All amounts expressed in thousands PLN, unless stated otherwise

	31 December2022	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-down to 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**

19. Sales revenues

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

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

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

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

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

- **Identification of performance obligations**

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

- **Determination of the transaction price**

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

All amounts expressed in thousands PLN, unless stated otherwise

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

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

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

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

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

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

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

The construction industry with which the Group'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-months period ended 31 December**	
	2022	**2021**
Domestic sales revenues	150 578	125 852
Foreign sales revenues	50 365	83 999
In total	**200 943**	**209 851**

The above-mentioned revenues from foreign sales decreased in 2022 compared to the data for the previous year due to the following factors:

- reduction of economic activity in Ukraine caused by the ongoing war. Total revenues of the subsidiary in Ukraine (excluding intra-group transaction) decreased in 2022 by PLN 24,218 thousand, and
- decrease in export activity between the Capital Group and other related entities as part of the procedures from moving equipment between companies belonging to ULMA C y E S. Coop.

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

All amounts expressed in thousands PLN, unless stated otherwise

20. 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	52 318	43 666
Employee benefits cost	48 945	43 545
Use-up of resources, materials and energy	13 356	11 995
Transport services	15 880	13 272
Rental and lease services	5 997	6 560
Renovation services	5 674	5 941
Installation and construction services	138	248
Other services	13 775	14 541
Other costs	6 095	5 343
Value of goods, materials and formwork sold (fixed assets)	19 302	32 670
In total	**181 480**	**177 783**
including:	-	-
Costs of benefits for own use	123	143
Costs of products, goods and materials sold	155 360	155 037
Selling and marketing costs	1 909	1 628
Management costs	24 088	20 975

EMPLOYEE BENEFITS COSTS	12-month period ended 31 December	
	2022	2021
Salary costs and costs of termination benefits	40 507	36 126
Costs of social insurance and benefits for employees	8 438	7 419
In total	**48 945**	**43 545**

All amounts expressed in thousands PLN, unless stated otherwise

21. Other income and operational costs

OTHER OPERATIONAL INCOME	12-month period ended 31 December	
	2022	2021
Inventory surpluses	378	490
Gains on change in fair value of futures contracts	81	70
Compensations received - lost components of tangible assets	23	-
Sale and recovery of tangible fixed assets	-	681
Re-invoicing	96	437
Change in inventory write-downs	120	-
Reimbursed process costs	3	12
Other income	182	224
In total	**883**	**1 915**

OTHER OPERATIONAL COSTS	12-month period ended 31 December	
	2022	2021
Sale and recovery of tangible fixed assets	(165)	-
A write-off updating the value of tangible fixed assets	(944)	(166)
Updating write-off of inventory value	-	(275)
Change in write-downs for expected credit losses and written off receivables	(4 051)	(1 723)
In total	**(5 160)**	**(2 164)**

22. Financial income and costs

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

All amounts expressed in thousands PLN, unless stated otherwise

FINANCIAL INCOME	12-month period ended 31 December	
	2022	2021
Interest on loans granted	1 446	455
Interest on cash in bank accounts	205	290
Foreign exchange gains	3 492	265
Other	-	144
In total	**5 143**	**1 154**

FINANCIAL COSTS	12-month period ended 31 December	
	2022	2021
Interests costs due to delay in payment liabilities	(10)	(3)
Interests costs due to right of use	(995)	(581)
Interests and bank commissions	(50)	-
Foreign exchange losses	(1 707)	(16)
In total	**(2 762)**	**(600)**

23. Income tax

PODATEK DOCHODOWY	12-month period ended 31 December	
	2022	2021
Current tax	(2 141)	(7 404)
Deferred tax (note 17)	(1 521)	513
In total	**(3 662)**	**(6 891)**

The income tax on the Group's profit before tax 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	**18 117**	**31 869**
Non-taxable income and taxable income shown in the profit and loss account in previous years, including:	(1 327)	(300)
- unrealised foreign exchange differences on loans	(163)	28
- valuation of investments (associate entity)	(800)	-
- other	(364)	(328)
Permanently non-deductible costs, including:	2 969	4 935
- Representation costs	696	566
- Previous years' costs	40	138
- PFRON fees	349	293
- Write-offs for receivables	923	2 181
- 25% of passenger car operating costs	629	797
- Updating write-off of shares value	-	500
- Other	332	460
Tax losses in a subsidiary	**-**	**40**
Tax base	**19 759**	**36 544**
Charging the financial result on account of income tax	**3 662**	**6 891**

The tax authorities may inspect the accounting books and tax settlements within 5 years from the end of the year in which the tax returns were filed (in Ukraine within 3 years) and charge the Group's Companies with

All amounts expressed in thousands PLN, unless stated otherwise

additional tax plus penalty interest. In the opinion of the Management Board, there are no circumstances indicating that significant liabilities may arise on this account.
Due to the uncertainty about the possibility of settling tax losses in the subsidiary in the foreseeable future, they were treated as permanent differences between the gross result and the tax base.

24. Dividend per share

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

In the period covered by this report ULMA Construccion Polska S.A. did not pay dividends for the distribution of profit for 2021. The generated profit was fully allocated to the Company's supplementary capital.

25. Contingent items/guarantees

Type of liability	Recipient	Guarantor/Pledger	Nominal amount	Date of expiration	Title of liability
Bank guarantee	Renter	mBank S.A.	4 090 000,00	31.03.2023	lease of the Logistics Centre
Pledge on movable property	ING Bank Śląski S.A.	ULMA Construccion Polska S.A.	15 000 000,00	18.08.2023	Security for the credit ageement

26. Investment liabilities (off-balance sheet)

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

27. Profit per share

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

EARNINGS PER SHARE AND DILUTED EARNINS PER SHARE	12-month period ended 31 December	
	2022	2021
Net profit attributable to equity holders of the parent entity	14 455	24 978
Number of ordinary shares as at the balance sheet date in pieces.	5 255 632	5 255 632
Weighted average number of ordinary shares in pieces.	5 255 632	5 255 632
Basic earnings (loss) per share (in PLN per share)	2,75	4,75
Diluted earnings (loss) per share (in PLN per share)	2,75	4,75

28. Material events and events after the balance sheet date

Until the date of preparation of these financial statemen, there were no material events after the balance sheet date.

29. Transactions with associated entities

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

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

All amounts expressed in thousands PLN, unless stated otherwise

TRADE RECEIVABLES	As at:	
	31 December 2022	31 December 2021
From the parent entity	893	315
From the affiliate	89	103
From other affiliates	291	7 314
In total	**1 273**	**7 732**

TRADE LIABILITIES	As at:	
	31 December 2022	31 December 2021
To the parent entity	2 337	8 340
To the affiliate	5	21
To other affiliates	77	73
In total	**2 419**	**8 443**

SALES	12-month period ended 31 December	
	2022	2021
To the parent entity	3 497	11 725
To the affiliate	889	511
To other affiliates	5 751	13 991
In total	**10 137**	**26 227**

PURCHASES	12-month period ended 31 December	
	2022	2021
From the parent entity	50 134	38 853
From the affiliate	161	134
From other affiliates	2 371	1 464
In total	**52 666**	**40 451**

FINANCIAL TRANSACTIONS	Transaction currencies	12-month period ended 31 December	
		2022	2021
Loans granted			
- parent entity	PLN	-	20 000
- other affiliates	EUR	750	-
Loans paid up			
- parent entity	PLN	-	20 000
- other affiliates	EUR	280	-
Income from loan interest			
- parent entity	PLN	1 395	455
- other affiliates	EUR	11	-

ULMA Construccion Poland S.A. granted to the parent company ULMA CyE, S. Coop a long-term loan of 20,000 thousand PLN.

All amounts expressed in thousands PLN, unless stated otherwise

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 (the amendments of 5 July 2022).

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.

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

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

As at 31 December 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.

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

REMUNERATION OF MB	Name of entity	12-month period ended 31 December	
		2022	2021
Rodolfo Carlos Muñiz Urdampilleta	ULMA Construccion Polska S.A.	1 980	2 044
Andrzej Sterczyński	ULMA Construccion Polska S.A.	511	485
Krzysztof Orzełowski	ULMA Construccion Polska S.A.	423	411
Marek Czupryński (from 1 February 2021)	ULMA Construccion Polska S.A.	544	438
Dmitriv Lyakhovetskiy	ULMA Opałubka Ukraina	433	352
Ewgenij Chuchałow	ULMA Opałubka Kazachstan	132	131
Vykintas Kuzmickas	ULMA Construccion BALTIC	403	326

REMUNERATION OF SB	Name of entity	12-month period ended 31 December	
		2022	2021
Michał Markowski	ULMA Construccion Polska S.A.	37	38

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

All amounts expressed in thousands PLN, unless stated otherwise

31.Information on average employment

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

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 Accountant	

Koszajec, date 5 April 2023

All amounts expressed in thousands PLN, unless stated otherwise