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## INDEPENDENT AUDITOR'S REPORT ON THE AUDIT

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To the General Meeting and Supervisory Board of ULMA Construcccion Polska S.A.

Audit report on the annual consolidated financial statements

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### Opinion

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We have audited the annual consolidated financial statements of ULMA Construcccion Polska S.A. Group (the 'Group'), for which the parent company is ULMA Construcccion Polska S.A. (the 'Parent Company') located in Brwinów at Koszajec 50, which comprise: general information, the consolidated statement of profit and loss and other comprehensive income for the period from 1 January 2021 to 31 December 2021, the consolidated statement of financial position as at 31 December 2021, the statement of changes in consolidated equity, the consolidated statement of cash flows for the period from 1 January 2021 to 31 December 2021 and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (the 'consolidated financial statements').

In our opinion, the consolidated financial statements:

- give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the period from 1 January 2021 to 31 December 2021 in accordance with required applicable rules of International Financial Reporting Standards approved by the European Union and the adopted accounting policies,
- comply in respect of the form and content with laws applicable to the Group and the Parent Company's Statute.

The opinion is consistent with the additional report to the Audit Committee issued on 30 March 2022.

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### Basis for opinion

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We conducted our audit in accordance with the National Standards on Auditing in the version of International Auditing Standards as adopted by the National Council of Statutory Auditors ("NAS") and pursuant to the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (the 'Act on Statutory Auditors') and the Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the 'Regulation 537/2014'). Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), adopted by the National Council of Statutory Auditors and other ethical responsibilities in accordance with required applicable rules of the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. While conducting the audit, the key certified auditor and the audit firm remained independent of the Group in accordance with the independence requirements set out in the Act on Statutory Auditors and the EU Regulation 537/2014.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Emphasis of matter

We draw your attention to note 28 to the consolidated financial statements, where the Management describes significant event after the balance sheet date connected with the activity of the subsidiary located in the Ukraine.

Our opinion does not include a qualification with respect to this matter.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. They include the most significant assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we have summarized our reaction to these risks and in cases where we deemed it necessary, we presented the most important observations related to these types of risks. We do not provide a separate opinion on these matters.

Key audit matter	How our audit responded to this matter
<p><b>Impairment of trade receivables</b></p> <p>Referring to notes 3 and 10 of the consolidated financial statements prepared as at 31 December 2021, trade receivables amounting to PLN 36,2 million make up 9,0% of the balance sheet total, including overdue receivables in the amount of PLN 14,9 million that constitute 41,3% of trade receivables.</p> <p>Impairment analysis of trade receivables has been assessed as a key audit matter to the audit of the consolidated financial statements due to:</p> <p>(i) the materiality of the abovementioned current assets in the consolidated financial statements,</p> <p>(ii) significance of the impact of the judgment made, as well as estimates of the Parent Company's Management necessary to assess the credit risk of the Group's debtors and the value of provision for expected credit losses, in particular in relation to individually material trade receivables.</p> <p><i>Reference to related disclosures in the consolidated financial statements</i></p> <p>The Group has disclosed the overdue receivables and related provision for expected credit losses in the notes 3 and 10 to the consolidated financial statements as of 31 December 2021. Related accounting policy has</p>	<p>We have gained understanding of the process relating to the monitoring of trade receivables including aging monitoring to identify collection risks. We performed a walkthrough of the process and evaluated design and tested operating effectiveness of the controls related to the process. In particular, we assessed Parent Company's Management estimations related to the assessment of provision for expected credit losses by analysis of evidence to support the recoverability, as well as understanding the individual stages of debt collection and court proceedings to estimate the Parent Company's Management judgement regarding recoverability of the older unprovided, or not adequately provided, debts. Our audit included also the following procedures:</p> <ul style="list-style-type: none"> <li>- analysis of aging of receivables, discussing overdue receivables where no provision for expected credit losses was recognized and assessing Parent Company's Management judgement to check the level of impairment;</li> <li>- testing aging of receivables on a sample basis;</li> <li>- selecting a sample of significant trade receivable balances where provision for expected credit losses was recognized, understanding the rationale behind the Parent Company's Management judgement and collecting the supporting documentation for the Parent Company's Management judgment</li> </ul>

Key audit matter	How our audit responded to this matter
<p>been presented in the notes to the consolidated financial statements as of 31 December 2021.</p>	<p>(including legal letters, collaterals or settlements between the parties involved);</p> <ul style="list-style-type: none"> <li>- obtaining direct external confirmations for a sample of customer account receivables' balances;</li> <li>- analysis of assumptions applied by Parent Company's Management in calculation of provision for expected credit losses, including various scenarios regarding recoverability of balances;</li> <li>- examining, on a sample basis, evidence related to post year end payments.</li> </ul> <p>We have assessed the disclosures and its scope in the consolidated financial statements related to overdue receivables and provision for expected credit losses.</p>
<p><b>Fixed assets valuation</b></p> <p>The carrying value of the Group's property, plant and equipment amounted to PLN 260,5 million as of 31 December 2020, which constitutes 64,5% of total assets in the consolidated statement of financial position. The analysis of the economic useful lives and estimated residual values is the matter of Parent Company's Management estimate and requires application of judgement.</p> <p>As of the year end Parent Company's Management has reassessed economic useful lives and residual values of property, plant and equipment. Determination of the residual value was based on the current estimated market value and judgements regarding the property, plant and equipment scraping rules, as well as, the commissioning date and condition of the property, plant and equipment expected at the end of the useful life.</p> <p>The issue was identified as a key audit matter for the audit of the consolidated financial statements due to:</p> <ul style="list-style-type: none"> <li>(i) significance of the above fixed assets in the consolidated financial statements,</li> <li>(ii) significance of the impact of the judgments of the Parent Company's Management necessary to assess economic useful life periods of and residual values of property, plant and equipment.</li> </ul>	<p>We have gained understanding of the property, plant and equipment recognition, valuation and liquidation processes, performed a walkthrough of the process and tested design and operating effectiveness of the controls related to the process. We have obtained and evaluated the assumptions made by the Parent Company's Management in the determination of useful lives and residual values. We have assessed the consistency of accounting policies applied by the Group in relation to initial valuation of fixed assets, depreciation charges and fixed assets disposals with the principles of IAS 16 Property, plant and equipment. We have also assessed the economic useful lives and residual values assumed by Parent Company's Management through analysis of the historical experience through analysis of available external market data.</p> <p>We have assessed the adequacy of the disclosures in the consolidated financial statements related to property, plant and equipment including nature and value of assumptions regarding its recognition, valuation and liquidation.</p>

Key audit matter	How our audit responded to this matter
<p data-bbox="199 360 783 421"><i>Reference to related disclosures in the consolidated financial statements</i></p> <p data-bbox="199 456 783 739">The Group disclosed the matters regarding changes in property, plant and equipment as well as major judgements and estimates made in determination of useful lives and residual values as well as identification of liquidated items of property, plant and equipment in notes 2 and 5 to the consolidated financial statements for the year ended 31 December 2021.</p>	

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#### **Responsibilities of the Company's Management and members of the Supervisory Board for the consolidated financial statements**

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The Parent Company's Management Board is responsible for the preparation the consolidated financial statements that give a true and fair view of the consolidated financial position and the consolidated financial performance in accordance with applicable International Financial Reporting Standards adopted by the European Union, the applied accounting policies, other applicable laws, as well as the Parent Company's Statute, and is also responsible for such internal control as the Parent Company's Management Board determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent Company's Management Board is responsible for assessing the Group's (the parent company and significant components) ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Prent Company's Management Board either intends to liquidate the Group (the parent company or significant components) or to cease operations, or has no realistic alternative but to do so.

The Company's Management and the members of the Company's Supervisory Board are required to ensure that the consolidated financial statements meet the requirements of the Accounting Act dated 29 September 1994 (the 'Accounting Act'). The members of the Company's Supervisory Board are responsible for overseeing the Company's financial reporting process.

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#### **Auditor's responsibility for the audit of the consolidated financial statements**

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Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with NAS will always detect material misstatement when it exists. Misstatements may arise as a result of fraud or error and are considered material if they, individually or in the aggregate, could be reasonably expected to influence the economic decisions of the users taken on the basis of these consolidated financial statements.

The concept of materiality is applied by the auditor both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the consolidated financial statements and in forming the opinion in the auditor's report. Hence all auditor's opinions and statements contained in the auditor's report are made with the contemplation of the qualitative and quantitative materiality levels established in accordance with auditing standards and auditor's professional judgment.

The scope of the audit does not include assurance on the future profitability of the Group nor efficiency or effectiveness of conducting business matters now and in the future by the Parent Company's Management.

As part of an audit in accordance with NAS, we exercise professional judgment and maintain professional skepticism and we also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control,
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control,
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Group's Management,
- conclude on the appropriateness of the Company's Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report, however, future events or conditions may cause the Group to cease to continue as a going concern,
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation,
- we obtain sufficient appropriate audit evidence regarding the financial information of entities and business activities within the Group for the purpose of expressing an opinion on the consolidated financial statements. We are solely responsible for the direction, supervision and performance of the audit of the Group and we remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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## Other information, including the Directors' Report

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The other information comprises the consolidated management report of the Group for the period from 1 January 2021 to 31 December 2021 („Directors' Report"), the statement on corporate governance and other elements of the consolidated annual financial report for the financial year ended 31 December 2021, other than the consolidated financial statements and our auditor's report thereon (jointly 'Other Information').

### *Responsibilities of the Company's Management and members of the Supervisory Board*

Parent Company's Management is responsible for the preparation of the Other Information in accordance with the law.

The Parent Company's Management and members of the Parent Company's Supervisory Board are required to ensure that the Directors' Report with separate elements meets the requirements of the Accounting Act.

### *Auditor's responsibilities*

Our opinion on the consolidated financial statements does not include the Other Information. In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other information, we are required to report that fact in our independent auditor's report. Our responsibility in accordance with the Act on Statutory Auditors is also to issue an opinion on whether the Directors' Report was prepared in accordance with relevant laws and that it is consistent with the information contained in the consolidated financial statements.

In addition, we are required to issue an opinion on whether the Parent Company has included the required information in the consolidated statement on corporate governance.

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## Opinion on the Directors' Report

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Based on the work performed during our audit, in our opinion, the Directors' Report:

- has been prepared in accordance with the article 49 of the Accounting Act and paragraph 71 of the Decree of the Minister of Finance dated 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (the 'Decree on current and periodic information'),
- is consistent with the information contained in the consolidated financial statements.

Moreover, based on our knowledge of the Group and its environment obtained during our audit, we have not identified material misstatements in the Directors' Report.

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## Opinion on the corporate governance statement

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In our opinion, in the representation on application of corporate governance, the Group has included information stipulated in paragraph 70, section 6, point 5 of the Decree on current and periodic information.

Moreover, in our opinion, the information stipulated in paragraph 70, section 6, point 5 letter c-f, h and i of the Decree included in the consolidated statement on corporate governance is in accordance with applicable laws and information included in the consolidated financial statements.

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## Report on other legal and regulatory requirements

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### **Opinion on the compliance of marking up of the consolidated financial statements prepared in the single electronic reporting format with the requirements of the regulation on technical standards on the specification of a single electronic reporting format**

As part of our audit of the consolidated financial statements we were engaged to perform a reasonable assurance engagement to express an opinion on whether the consolidated financial statements of the Group as at and for the year ended 31 December 2021, prepared in the single electronic reporting format, included in the file named „ULMA\_SSF\_ESEF\_2021\_12\_31.zip” (‘consolidated financial statements in ESEF format’), was marked up in accordance with the requirements stipulated in the Commission Delegated Regulation (EU) of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the ‘ESEF Regulations’).

#### *Identification of the applicable criteria and description of the subject matter*

The consolidated financial statements in ESEF format were prepared by the Company’s Management in order to meet the tagging requirements and technical requirements of a single electronic reporting format which are specified in the ESEF Regulations.

The subject matter of our assurance engagement is the compliance of marking up of consolidated financial statements in ESEF format with the requirements of the ESEF Regulations, while the requirements specified in these regulations represent, in our opinion, applicable criteria for us to express an opinion.

#### *Responsibilities of the Company’s Management and members of the Supervisory Board*

The Company’s Management is responsible for the preparation of the consolidated financial statements in ESEF format in accordance with the tagging requirements and technical requirements of a single electronic reporting format which are specified in the ESEF Regulations. Such responsibility includes the selection and application of appropriate XBRL tags using the taxonomy specified in these regulations.

The responsibility of Management also includes the design, implementation and maintenance of such internal control as Management determines is necessary to enable the preparation of the consolidated financial statements in ESEF format that are free from any material incompliances with the ESEF Regulations.

The members of the Company’s Supervisory Board are responsible for overseeing the Company’s financial reporting process, which include also the preparation of financial statements in the format required by applicable regulations.

#### *Auditor’s responsibilities*

Our objective is to express an opinion, based on the performed reasonable assurance engagement, that the consolidated financial statements in ESEF format have been tagged in accordance with ESEF Regulations.

We have performed our assurance engagement in accordance with the National Standard on Assurance Engagements Other than Audit and Review 3001 PL on audit of financial statement prepared in the single electronic reporting format (‘NSAE 3001PL’) and when applicable in accordance with National Standard on Assurance Engagements Other than Audit and Review 3000 (R) in the form of the International Standard on Assurance Engagements 3000 (revised) - ‘Assurance Engagements Other than Audits or Reviews of Historical Financial Information’ (‘NSAE 3000 (R)’).

The standard requires us to design and perform procedures to obtain reasonable assurance that the consolidated financial statements in ESEF format have been prepared in accordance with the applicable criteria.

Reasonable assurance is a high level of assurance, but it is not a guarantee that the assurance engagement conducted in accordance with NSAE 3001PL and, when appropriate, in accordance with NSAE 3000 (R), will always detect material misstatement when it exists.

The selection of procedures depends on the auditor's professional judgment, including the auditor's assessment of risks of material misstatements, whether due to fraud or error. When performing risk assessment the auditor takes account of internal controls related to preparation of the consolidated financial statements in ESEF format, to design procedures responsive to those risks in order to obtain evidence that is sufficient and appropriate. The assessment of internal control was not performed for the purpose of expressing an opinion on its operational effectiveness.

#### *Summary of work performed*

Procedures that were designed and performed by us included among others:

- obtaining an understanding of the process of preparation of the consolidated financial statements in ESEF format, including the process of selection and application of XBRL markups and maintaining compliance with the ESEF Regulations;
- reconciling the tagged information in consolidated financial statements in ESEF format to the audited consolidated financial statements;
- assessment of the compliance with the technical standards on the specification of a single electronic reporting format with the use of specialistic IT tools and IT expert;
- assessment of the completeness of tagging of information in the consolidated financial statements in ESEF format with XBRL tags with the use of specialistic IT tools and IT expert;
- assessment whether XBRL tags from the taxonomy specified by the ESEF Regulations have been applied appropriately and whether extension taxonomy elements have been used when there are no appropriate elements in the core taxonomy specified in the ESEF Regulations;
- evaluating of the anchoring of the extension taxonomy elements to the core taxonomy elements specified by the ESEF Regulations.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the compliance of marking up with ESEF Regulations.

#### *Ethical requirements, including independence*

While performing the assurance engagement, the key statutory auditor and the audit firm have complied with the independence and other ethical requirements as specified by the IESBA Code. The IESBA Code is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We have also complied with other independence and ethical requirements applicable to this assurance engagement in Poland.

#### *Quality control requirements*

The audit firm applies national quality control standards in the form of International Standard on Quality Control 1 - 'Quality Control for Firms that Perform Audits and Reviews of Financial Statements and other Assurance and Related Services Engagements' as adopted by a resolution of the National Council of Certified Auditors ('NSQC').

In accordance with NSQC, the audit firm maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



### *Opinion on compliance with the ESEF Regulations*

Our opinion has been formed on the basis of the matters outlined in this report and therefore should be read in conjunction with these matters.

In our opinion, the consolidated financial statements in ESEF format have been marked up, in all material respects, in accordance with the requirements of the ESEF Regulations.

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### **Statement on the provision of non-audit services**

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To the best of our knowledge and belief, we represent that services, which we have provided to the Company and its controlled undertakings, are compliant with the laws and regulations applicable in Poland, and that non-audit services, which are prohibited under article 5 item 1 of Regulation 537/2014 and article 136 of the Act on Statutory Auditors, were not provided. The non-audit services, which we have provided to the Company and its controlled undertakings in the audited period, have been disclosed in the Directors' Report.

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### **Appointment of the audit firm**

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We were appointed for the audit of the Group's consolidated financial statements initially based on the resolution of the Supervisory Board from 26 April 2017 and reappointed based on the resolution from 31 March 2020. The consolidated financial statements of the Group have been audited by us uninterruptedly starting from the financial year ended on 31 December 2017, i.e. for the past 5 consecutive years.

Warsaw, 30 March 2022

Key Certified Auditor

Marcin Kowalczyk

certified auditor

no in the register: 12840

on behalf of:

Ernst & Young Audyt Polska spółka z ograniczoną  
odpowiedzialnością sp. k.

Rondo ONZ 1, 00-124 Warsaw

no on the audit firms list: 130