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Independent Auditor's Report

To the General Shareholders' Meeting and Supervisory Board of ZUE Spółka Akcyjna

Audit Report on the Annual Financial Statements

Opinion

We have audited the annual financial statements of ZUE Spółka Akcyjna located in Kraków (the "Company"), ul. Kazimierza Czapieńskiego 3, 30-048 Krakow, which contains the statement of financial position as at December 31, 2019, the statement of comprehensive income, the statement on changes in equity, and the statement of cash flows for the period from 1 January 2019 to 31 December 2019 and additional information and explanations to financial statements as at 31 December 2019 (the "financial statements").

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2019 and its financial performance and its cash flows for the period from 1 January 2019 to 31 December 2019 in accordance with required applicable rules of International Financial Reporting Standards approved by the European Union and the adopted accounting policies.
- comply, in all material respects, with regard to form and content, with applicable laws and the provisions of the Company's articles of association,
- have been prepared, in all material respects, on the basis of properly maintained accounting records in accordance with chapter 2 of the Accounting Act dated 29 September 1994 (the "Accounting Act").

This opinion is consistent with the additional report to the Audit Committee, which was issued by us on 16 March 2020.

Basis for opinion

We conducted our audit in accordance with the International Standards of Auditing as adopted by the National Standards of Auditing by the National Council of Statutory Auditors ("NCSA") and in accordance with the Act of 11 May 2017 on statutory auditors, audit firms and public oversight (the "Act on Statutory Auditors") - Journal of Laws of 2019, item 1421, as amended. and EU Regulation No. 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("EU Regulation" - O.J. EU L158). Our responsibilities under those standards are further described in the section of our report entitled *the Auditors' Responsibility for the audit the financial statements*.

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the International Federation of Accountants ("the IFAC Code"), adopted by the the National Council of Statutory Auditors and other ethical requirements that apply to the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IFAC Code. During the audit, the key statutory auditor and the audit firm remained independent of

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the Company in accordance with the independence requirements set out in the Act on Statutory Auditors and the EU Regulation.

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

Other issues

The financial statements of the Company for the year ended 31 December 2018 were audited by a statutory auditor acting on behalf of another audit company, who issued an unqualified opinion on 27 March 2019.

Key Audit Matters

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

Key audit matter	Our response
Revenue - valuation and recognition	Our audit procedures, in relation to the key audit matter described, included, <i>inter alia</i> :
<p>This issue was considered key due to the value, dynamics and risk of recognition of revenues not in accordance with the IFRS 15.</p> <p>The Company's revenues are mainly revenues from the performance of contracts with customers regarding the construction of rail and urban infrastructure. The revenues are one of the main indicators for assessing the Company's operations.</p> <p>Revenues from unfinished services are recognized in accordance with the method of measuring the degree of fulfillment of the liability based on expenditure in accordance with IFRS 15, determined as the ratio of costs incurred to the estimated costs necessary to perform the contract.</p> <p>This valuation has a material impact on the Company's financial statements and its net result. In addition, the value of revenues is determined based on estimates and assessments of the Company's management, which impacts the risk of material misstatements of the revenues and the</p>	<ul style="list-style-type: none">- assessment of compliance of the accounting policy applied by ZUE S.A. regarding revenue recognition with the relevant financial reporting standards,- audit tests of Company's controls on approval and recognition of types of sales revenues,- audit tests regarding the preparation, updating and approval of budgets underlying the valuation of unfinished construction contracts,- assessment of the effectiveness of the Company's internal controls in terms of recognizing and measuring sales revenues,- assessment of the reality of budgets of unfinished construction contracts,- assessment of the correctness of the percentage of completion of unfinished services adopted for the valuation,- vouching of the selected sample of sales revenues invoices to the source documentation confirming the performance of the service also confirming the transfer of ownership of the products,- testing collection of the Company's receivables for

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financial statements as a whole..

- the selected sample of sales invoices, assessment of Company's Management disclosures and information related to the valuation of contracts and revenue recognition.

Goodwill impairment analysis

Our audit procedures, in relation to the key audit matter described, included, *inter alia*:

ZUE S.A. is required to conduct an annual goodwill impairment test. We assessed the goodwill impairment test as a key audit matter because of the significant carrying amount of goodwill, as well as significant assumptions and estimates adopted by the Company's Management in the goodwill impairment test, such as: forecasted future cash flow streams, weighted average cost of capital, growth rate, discount rate, marginal growth rate, which depend on future market and economic conditions.

The Company's Management presented the assumptions regarding the conducted goodwill impairment test, as well as the results and disclosures regarding the goodwill allocation test to the cash generating center in note 7.6 of the attached financial statements.

- assessment of the identification of cash-generating units to which goodwill is assigned,
- analysis and assessment of the impairment test conducted by the Management Board.

Our procedures included assessing the goodwill impairment model, using an external expert during model verification, as well as assumptions and estimates adopted by the Company's Management for the purposes of conducting the test, including, among others:

- comparison of key assumptions underlying the conducted test to market indicators, costs, achieved margin and cash flow and where possible to external data,
- checking the mathematical correctness of calculations conducted within the test,
- assessment of forecasts of the Company's Management based on an analysis of the implementation of past forecasts for historic periods;
- assessment of sensitivity analysis prepared by the Company's Management.
- We also evaluated the correctness and completeness of disclosures made in the financial statements of the Company regarding the goodwill impairment test as well as disclosures and information regarding the analysis sensitivity of that test.

Responsibility of the Company's Management and the Supervisory Board for the financial statements

The Company's Management is responsible for the preparation, on the basis of properly maintained accounting records, the financial statements that give a true and fair view of the financial position and the financial performance in accordance with the International Financial Reporting Standards approved by the European Union. the adopted accounting policies, and other applicable laws and regulations, as well as the Company's articles of association, and is also responsible for such internal control, which the Management Board deems necessary to enable the preparation of financial statements that are free from material misstatement caused by fraud or error.

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In preparing the financial statements, the Company's Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, if applicable, matters related to going concern and adopting the principle of going concern as an accounting basis, except when the Company's Management intends either to liquidate the Company or to cease operations, or there is no real alternative to liquidation or discontinuation of operations.

The Company's Management and members of the Company's Supervisory Board are required to ensure that the financial statements meet the requirements provided for in the Accounting Act. Members of the Company's Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for auditing the financial statements

Our objectives are to obtain reasonable assurance that the financial statements, as a whole, do not contain any material misstatement due to fraud or error and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not guarantee that an audit conducted in accordance with the NCSA always detects the existing significant misstatement when it exists. Misstatements may arise as a result of fraud or error and are considered material if it can reasonably be expected that individually or in aggregate, they could influence the users' economic decisions taken on the basis of those financial statements. In accordance with paragraph 5 of the International Auditing Standard 320, the concept of materiality is used by the statutory auditor when planning and performing the audit, as well as in the assessment of the impact of the misstatements identified during the audit and the uncorrected misstatements, if any, on the financial statements, and when forming the opinion in the auditor's report. Therefore, all auditor's assertions and statements included in the auditor's report are provided with regard to the qualitative and quantitative materiality levels - determined in accordance with auditing standards and professional judgment of the statutory auditor.

The scope of the audit does not include assurance as to the future profitability of the Company nor the effectiveness or efficiency of conducting business by the Company's Management currently or in the future.

During an audit consistent with NCSA, we apply professional judgment and maintain professional skepticism, as well as:

- we identify and assess the risks of material misstatement of the financial statements due to fraud or error, draft and conduct audit procedures that address those risks, and obtain audit evidence that is sufficient and adequate to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the one resulting from the error, as the fraud may involve collusion, falsification, intentional omissions, misrepresentation or circumvention of internal control;
- we obtain an understanding of the internal control relevant to the audit to draft audit procedures that are appropriate in the given circumstances, but not for the purpose to express an opinion on the effectiveness of the Company's internal control;
- we assess the appropriateness of the accounting policies applied and the reasonableness of accounting estimates and related recognitions made by the Company's Management;

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- we draw a conclusion on the appropriateness of the principle of going concern applied by the Company's Management as an accounting basis and, based on the audit evidence obtained, whether there is significant uncertainty related to events or conditions that may significantly cast in doubt the Company's ability to continue as a going concern. If we conclude that there is a significant uncertainty, we are required to draw attention, in our auditor's report to related disclosures in the financial statements or, if such disclosures are inadequate, we modify our opinion. Our conclusions are based on audit evidence obtained up to the date of our independent auditor's report, however future events or conditions may cause the Company to cease to continue as a going concern;
- we assess the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that ensures fair presentation.

We provide the Audit Committee with information about, among other things, the planned scope and timing of the audit and significant findings of the audit, including any significant deficiencies in internal control that we identify during the audit.

We provide a statement to the Audit Committee that we have complied with the relevant ethical requirements regarding independence and that we inform them of all relationships and other matters that could reasonably be considered to pose a threat to our independence, and, where applicable, we inform about the safeguards applied.

Among the matters referred to the Audit Committee, we determine those matters which were the most significant when auditing the financial statements of the current reporting period, and therefore we considered them to be key audit matters. We describe those matters in our auditor's report, unless laws or regulations prohibit their public disclosure or when, in exceptional circumstances, we determine that the matter should not be included in our report because it would reasonably be expected that the negative consequences would outweigh the benefits of such information for the public interest.

Other information, including report on operations

Other information consists of a report on the Company's operations for the period from 1 January 2019 to 31 December 2019 ("Report on Operations") together with the statement on the application of corporate governance and the statement on non-financial information referred to in Article 49b paragraph 1 of the Accounting Act, which are separate parts of this Report on Operations and the Annual Report for the period from 1 January 2019 to 31 December, 2019 ("Annual Report") (jointly referred to as "Other Information").

Responsibility of the Company's Management and Supervisory Board

The Company's Management is responsible for preparing the Other information in accordance with the law.

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

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Responsibility of the Statutory Auditor

Our opinion on the audit of the financial statements does not include the Other information. In connection with the audit of the financial statements, it is our responsibility to read the Other information and, in doing so, consider whether the Other information is not materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work performed, we find material misstatements in the Other information, we are required to report that fact in our auditor's report. Our responsibility in accordance with the Act on Statutory Auditors is also to issue an opinion on whether the Report on Operations has been prepared in accordance with the relevant regulations and whether it is consistent with the information contained in the financial statements. In addition, we are required to inform whether the Company has prepared a representation on non-financial information and to issue an opinion as to whether the Company has included the required information in its corporate governance statement.

We received the report on the Company's operations on the date of this audit report, and the Annual Report shall be available after that date. In the event that we find a material misstatement in the Annual Report, we are required to inform the Company's Supervisory Board thereof.

Opinion on the Report on Operations

In our opinion, based on the work performed during the audit, the Report on Operations:

- has been prepared in accordance with Article 49 of the Accounting Act and § 71 of the Regulation of the Minister of Finance dated 29 March 2018 on the current and periodic information disclosed by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-EU member state ("current information regulation");
- is consistent with the information contained in the financial statements.

In addition, in the light of knowledge about the Company, and its surroundings obtained during our audit, we represent that we have not identified significant misstatements in the Report on Operations.

Opinion on the of corporate governance application statement

In our opinion, the statement on the application of corporate governance by the Company contained information stipulated in § 70 section 6 point 5 of the current information regulation.

Moreover, in our opinion, the information stipulated in § 70 section 6 point 5 items c-f, h and i of the current information regulation contained in the statement on the application of corporate governance is compliant with the applicable laws and information contained in the financial statements.

Information on non-financial information

In accordance with the requirements of the Act on Statutory Auditors, we confirm that the Company has prepared a statement on non-financial information referred to in Article 49b paragraph 1 of the Accounting Act as a separate part of the Report on Operations.

We have not performed any attestation work regarding the statement of non-financial information and do not express any assurance in this respect.

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Statement on non-audit services

To the best of our knowledge and belief, we declare that the non-audit services we have provided to the Company and its subsidiaries are in accordance with the laws and regulations applicable in Poland, and that we have not provided non-audit services that are prohibited under Article 5 paragraph 1 of the EU Regulation and Article 136 of the Act on Statutory Auditors.

The non-audit services that we provided to the Company and its subsidiaries in the audited period have been disclosed in Note 52 of the Report on Operations.

Appointment of the audit firm

We were appointed to audit the financial statements of the Company based on the resolution of the Company's Supervisory Board dated 10 July 2019. We have been auditing the Company's financial statements for the first time.

The key statutory auditor responsible for the audit, which resulted in this independent auditor's report is Ewa Sieklińska acting on behalf of the audit firm: Polinvest-Audit Sp. z o.o. with its registered office in Krakow, ul. Łukasiewicza 1, number on the audit firm list: 1806-

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Ewa Sieklińska key statutory auditor No. 9771

Krakow; 16 March 2020

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Piotr Głodek statutory auditor No. 10635