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Independent Auditor's Report

To the General Shareholders' Meeting and Supervisory Board of ZUE S.A.

Audit Report on the Annual Consolidated Financial Statements

Opinion

We have audited the annual consolidated financial statements of ZUE S.A. Capital Group (the "Group"), for which the holding company is ZUE S.A. located in Krakow (the "Parent Company"), ul. Kazimierza Czapińskiego No. 3, 30-048 Kraków, containing the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the period from 1 January 2019 to 31 December 2019 and additional information and explanations to the consolidated financial statements as at 31 December 2019 (the "consolidated financial statements").

In our opinion, the consolidated financial statements:

- give a true and fair view of the financial position of the Group as at 31 December 2019 and its consolidated financial performance and its consolidated 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 Parent Company's articles of association. This opinion is consistent with the additional report to the Audit Committee, which was issued by us on 16 March 2020.

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Basis for the 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 (the "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 1089, as amended). and EU Regulation No. 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (the "EU Regulation" - O.J. EU L158). Our responsibility under those standards are further described in the section of our report entitled the *Auditors' Responsibility for the audit of the consolidated financial statements*.

We are independent of the Group, in accordance with the Code of Ethics for Professional Accountants published by the International Federation of Accountants (the "IFAC Code") adopted by the National Council of Statutory Auditors and other ethical responsibilities in accordance with required applicable

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rules of the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with those requirements and the IFAC Code. While conducting the audit, the key statutory 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 in the EU Regulation.

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

Other Issues

The consolidated financial statements of the Group 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 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 those risks, and in cases where we deemed it necessary, we have presented the most important observations related to those types of risks. We do not provide a separate opinion on those matters.

Key audit matter	Our response
<p>Revenue - valuation and recognition</p> <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 Group'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 Group'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 Group's consolidated financial statements and its net result. In addition, the value of revenues is determined based on estimates and assessments</p>	<p>Our audit procedures, in relation to the key audit matter described, included, <i>inter alia</i>:</p> <ul style="list-style-type: none">- assessment of compliance of the accounting policy applied by the Group regarding revenue recognition with the relevant financial reporting standards,- audit tests of Group'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 Group'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

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of the Parent Company's Management, which impacts the risk of material misstatements of the revenues and the consolidated financial statements as a whole.

- to the source documentation confirming the performance of the service also confirming the transfer of ownership of the products,
- testing collection of the Parent Company's receivables for the selected samples of sales invoices,
 - assessment of the Parent Company's Management disclosures and information related to the valuation of contracts and revenue recognition.

Goodwill impairment analysis

The Group 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 Parent 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 Parent 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 consolidated financial statements.

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

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

Our procedures included assessing the goodwill impairment model, using external experts during model verification, as well as assumptions and estimates adopted by Parent 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 Parent Company's Management based on an analysis of the implementation of past forecasts for historic periods;
- assessment of sensitivity analysis prepared by the Parent Company's Management.
- We also evaluated the correctness and completeness of disclosures made in the consolidated financial statements of the Group regarding the goodwill impairment test as well as disclosures and information regarding the analysis sensitivity of that test.

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

The Parent Company's Management 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 the International Financial Reporting Standards approved by

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the European Union. The adopted accounting policies and other applicable laws and regulations as well as the Parent Company's articles of association and is also responsible for such internal control, which the Parent Company's Management deems necessary to enable the preparation of the consolidated financial statements that are free from material misstatement caused by fraud or error.

In preparing the consolidated financial statements, the Parent Company's Management is responsible for assessing the Group'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 Parent Company's Management intends either to liquidate the Group or to cease operations or there is no real alternative to liquidation or discontinuation of operations.

The Parent Company's Management and members of the Parent Company's Supervisory Board are obligated is required to ensure that the consolidated financial statements meet the requirements provided for in the act of 29 September 1994 on accounting (the "Accounting Act" - consolidated text, Journal of Laws of 2019, item 351, as amended). Members of the Parent Company's Supervisory Board are responsible for overseeing the Group's financial reporting process.

Auditor's responsibility for auditing the consolidated financial statements

Our objectives are to obtain reasonable assurance that the consolidated 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 does 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 these consolidated 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 consolidated financial statements, and when forming 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 Group nor the effectiveness or efficiency of conducting business by the Parent 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 consolidated 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

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- 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 to provide an opinion on the effectiveness of the Group's internal control;
 - we assess the appropriateness of the accounting policies applied and the reasonableness of accounting estimates and related recognitions made by the Parent Company's Management;
 - we draw a conclusion on the appropriateness of the principle of going concern applied by the Parent 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 Group'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 consolidated 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 Group to cease to continue as a going concern;
 - we assess the overall presentation, structure and content of the consolidated financial statements, including disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that ensures 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 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 Parent Company's 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 consolidated 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 the Group's operations

Other information consists of a report on the Group's operations for the period from 1 January 2019 to 31 December 2019 (the "Report on the Group's Operations") together with the statement on the application of corporate governance and the statement on non-financial information referred to in Article 55 paragraph 2b of the Accounting Act, which are separate parts of this Report on the Group's

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Operations and the Annual Report for the period from 1 January 2019 to 31 December 2019 (the "Annual Report") (jointly referred to as "Other Information").

Responsibility of the Parent Company's Management and Supervisory Board

The Parent Company's Management is responsible for preparing the Report on the Group's Operations 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 Report on the Group's operations with separate parts meets the requirements of the Accounting Act.

Responsibility of the Statutory Auditor

Our opinion on the audit of the consolidated financial statements does not include the Other Information. In connection with the audit of the consolidated financial statements, it is our responsibility to read the Other Information and, in doing so, consider whether it is not materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit or otherwise appear to be materially misstated. If, based on the work performed, we find material misstatement 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 the Group's Operations was prepared in accordance with the relevant regulations and whether it is consistent with the information contained in the consolidated financial statements.

In addition, we are required to provide an opinion as to whether the Group has included the required information in its corporate governance statement.

We received the Report on the Group'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 Parent Company's Supervisory Board thereof.

Opinion on the Report on the Group's Operations

In our opinion, based on the works performed during the audit, the Report on the Group's 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 (the "current information regulation");
- is consistent with the information contained in the consolidated financial statements.

In addition, based on our knowledge about the Group and its environment obtained during our audit, we represent that we have not identified significant misstatements in the Report on the Group's Operations.

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Opinion on the of corporate governance application statement

In our opinion, in the statement on the application of corporate governance, the Group has included 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 consolidated financial statements.

Information on non-financial information

In accordance with the requirements of the Act on Statutory Auditors, we confirm that the Parent Company has prepared a statement on non-financial information referred to in Article 55 paragraph 2b of the Accounting Act as a separate part of the Report on the Group's Operations.

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

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 Group 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 Group in the audited period have been disclosed in Note 52 of the Report on the Group's Operations.

Appointment of the audit firm

We were appointed to audit the consolidated financial statements based on the resolution of the Parent Company's Supervisory Board dated 10 July 2019 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. located 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 statuty auditor No. 10635