

CURRENT REPORT 16 / 2023**10 August 2023**

Legal basis: Art. 17.1 of the MAR – Confidential Information.

Subject: Sale of Shares in Subsidiary.

Content:

The Management Board of ZUE S.A. with registered office in Cracow (the “Company,” ZUE) inform about the agreement for the sale of shares in a subsidiary, namely Biuro Projektów Komunikacyjnych w Poznaniu sp. z o.o. (BPK Poznań) (the “Agreement”) entered into on 10 August 2023 between the Company and Infra – Centrum Doradztwa sp. z o.o. with registered office in Warsaw (the “Buyer”).

Under the Agreement, the Buyer acquired from ZUE 117,332 (one hundred and seventeen thousand three hundred and thirty two) BPK Poznań shares for the total amount of PLN 559,250 (five hundred and fifty nine thousand two hundred and fifty złotych). The shares purchased by the Buyer represent 100% of the share capital of BPK Poznań and 100% of votes at the shareholders meeting of BPK Poznań. BPK Poznań shares were transferred to the Buyer on the date of the Agreement.

BPK Poznań provides design services and the company’s small sales revenue in 2022 of approximately PLN 9.7m accounted for 1% of the consolidated revenue generated by the ZUE Capital Group (before exclusions). The company’s net loss in 2022 was about PLN 0.1m. Design services provided by BPK Poznań complemented construction activities carried out by the ZUE Capital Group.

The transaction is connected with the Buyer’s obligation to assume liability towards banks and insurance companies which issued bonds for the benefit of BPK Poznań borne, at least partially, by the Company. Therefore, the Buyer should repay/release the Company from the obligation to provide security in connection with the said bonds.

The Agreement does not provide for any contractual penalties payable by the Company. The remaining terms of the Agreement govern the transaction, for instance they deal with the settlement of the abovementioned bonds and other legal, accounting and corporate issues.

BPK Poznań will continue to perform the design contracts for ZUE until they have been completed.

The Company estimates that after the transaction has been accounted for according to the Agreement, the consolidated financial statements of the ZUE Capital Group for 2023 will change mainly in the following manner:

- 1) Total assets and liabilities will decrease by approx. PLN 7.3m;
- 2) Contingent liabilities in the form of bonds will decrease by approx. PLN 3.6m; and
- 3) Contingent liabilities in the form of guarantees will decrease by approx. PLN 0.7m.

The Company also informs that the transaction-related settlements between the Company and the Buyer stretch over a long period of time as a result of which the final impact of the sale on the Group's consolidated financial statements cannot be exactly stated as at the date of the transaction. The impact will be discussed in detail in the Group's annual report for 2023.

There are no equity or personal links between the Buyer and the Company.

The Company informs that following the sale of BPK Poznań (the company whose focus is on the transport infrastructure design), the Group's strategic objectives will include, first and foremost, the maintenance of the position of the Group as one of the leaders of the rail transport infrastructure construction market, the maintenance of the position of the Group as one of the leaders of the urban transport infrastructure construction market and the development of sales activities on the track materials production and distribution market. The Group intends to focus on businesses capable of generating higher margins. The Company will maintain design skills within the scope necessary to deliver projects.