



ZUE Capital Group

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CONSOLIDATED HALF-YEARLY REPORT  
FOR 6 MONTHS ENDED 30 JUNE 2023

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Cracow, 22 August 2023

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## Content of the consolidated half-yearly report:

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- I. Selected financial data of ZUE Capital Group.
- II. Selected financial data of ZUE S.A.
- III. Condensed Consolidated Financial Statements of ZUE Capital Group and Notes to the Financial Statements.
- IV. Condensed Separate Financial Statements of ZUE S.A. and Notes to the Financial Statements.

And the following separate documents:

- Management Board Report.
- Auditor's Report on the Review of the Condensed Consolidated Financial Statements of ZUE Capital Group.
- Auditor's Report on the Review of the Condensed Separate Financial Statements of ZUE S.A.

Abbreviations and definitions:

ZUE, Company, Issuer, Parent Company	ZUE S.A. with registered office in Cracow, entered into the National Court Register maintained by the District Court for Cracow-Śródmieście in Cracow, XI Commercial Division of the National Court Register, under entry number KRS 0000135388, share capital of PLN 5,757,520.75 paid up in full. Parent company of the Capital Group.
BPK Poznań	Biuro Projektów Komunikacyjnych w Poznaniu Sp. z o.o. with registered office in Poznań, entered into the National Court Register maintained by the District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register, under entry number KRS 0000332405, share capital of PLN 5,866,600 paid up in full. Subsidiary of ZUE until 10 August 2023.
Railway gft	Railway gft Polska Sp. z o.o. with registered office in Cracow, entered into the National Court Register maintained by the District Court for Cracow-Śródmieście in Cracow, XI Commercial Division of the National Court Register, under entry number KRS 0000532311, share capital of PLN 3,000,000 paid up in full. Subsidiary of ZUE.
RTI	Railway Technology International Sp. z o.o. with registered office in Cracow, entered into the National Court Register maintained by the District Court for Cracow-Śródmieście in Cracow, XI Commercial Division of the National Court Register, under entry number KRS 0000397032, share capital of PLN 627,500 paid up in full. Subsidiary of ZUE.
Energopol	Przedsiębiorstwo Budownictwa Inżynierskiego ENERGOPOL Sp. z o.o. with registered office in Cracow, entered into the National Court Register maintained by the District Court for Cracow-Śródmieście in Cracow, XI Commercial Division of the National Court Register, under entry number KRS 0000042724, share capital of PLN 2,200,000 paid up in full. Subsidiary of ZUE.
ZUE Group, Group, Capital Group	ZUE Capital Group including at the end of the reporting period: ZUE, BPK Poznań, Railway gft, RTI, Energopol.
PLN	Polish złoty.
EUR	Euro.
Act	Polish Companies Act (Uniform text, Journal of Laws of 2022, item 1467).

Share capital details as at 30 June 2023.

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## I. Selected financial data of the Capital Group

Main items of the consolidated statement of financial position translated into EUR:

	30-06-2023	30-06-2023	31-12-2022	31-12-2022
	PLN '000	EUR '000	PLN '000	EUR '000
Non-current assets	212,222	47,687	199,433	42,524
Current assets	435,866	97,941	475,261	101,337
<b>Total assets</b>	<b>648,088</b>	<b>145,628</b>	<b>674,694</b>	<b>143,861</b>
Equity	183,298	41,188	180,768	38,544
Non-current liabilities	59,631	13,399	59,370	12,659
Current liabilities	405,159	91,041	434,556	92,658
<b>Total equity and liabilities</b>	<b>648,088</b>	<b>145,628</b>	<b>674,694</b>	<b>143,861</b>

Main items of the consolidated statement of comprehensive income translated into EUR:

	6 months ended 30 June 2023		6 months ended 30 June 2022	
	PLN '000	EUR '000	PLN '000	EUR '000
Sales revenue	541,707	117,431	373,224	80,389
Cost of sales	522,926	113,359	352,231	75,868
<b>Gross profit (loss) on sales</b>	<b>18,781</b>	<b>4,072</b>	<b>20,993</b>	<b>4,522</b>
Operating profit (loss)	5,973	1,295	8,931	1,924
Gross profit (loss)	5,738	1,244	11,804	2,542
<b>Net profit (loss) from continuing operations</b>	<b>4,299</b>	<b>932</b>	<b>9,607</b>	<b>2,069</b>
Total comprehensive income	4,194	909	10,026	2,160

Main items of the consolidated statement of cash flows translated into EUR:

	6 months ended 30 June 2023		6 months ended 30 June 2022	
	PLN '000	EUR '000	PLN '000	EUR '000
Cash flows from operating activities	-25,388	-5,504	-38,491	-8,291
Cash flows from investing activities	-2,869	-622	-434	-93
Cash flows from financing activities	-4,880	-1,058	-12,661	-2,727
<b>Total net cash flows</b>	<b>-33,137</b>	<b>-7,184</b>	<b>-51,586</b>	<b>-11,111</b>
Cash at the beginning of the period	63,251	13,487	108,736	23,641
Cash at the end of the period	30,096	6,763	57,175	12,215

Rules adopted to translate selected financial data into EUR:

Item	Exchange rate	30-06-2023	31-12-2022	30-06-2022
Items of assets, equity and liabilities	Mid exchange rate prevailing at the end of the reporting period	4.4503	4.6899	n/a
Items of statement of profit or loss and statement of cash flows	Arithmetic mean of mid exchange rates quoted by the National Bank of Poland on the last day of each month of the period	4.6130	n/a	4.6427
"Cash at the beginning of the period" and "Cash at the end of the period" items in the statement of cash flows	Mid exchange rate prevailing at the end of the reporting period	4.4503	4.6899	4.6806

## II. Selected financial data of ZUE S.A.

Main items of the separate statement of financial position translated into EUR:

	30-06-2023	30-06-2023	31-12-2022	31-12-2022
	PLN '000	EUR '000	PLN '000	EUR '000
Non-current assets	205,420	46,159	191,440	40,820
Current assets	404,758	90,951	434,374	92,619
<b>Total assets</b>	<b>610,178</b>	<b>137,110</b>	<b>625,814</b>	<b>133,439</b>
Equity	175,518	39,440	172,708	36,826
Non-current liabilities	54,286	12,198	53,356	11,377
Current liabilities	380,374	85,472	399,750	85,236
<b>Total equity and liabilities</b>	<b>610,178</b>	<b>137,110</b>	<b>625,814</b>	<b>133,439</b>

Main items of the separate statement of comprehensive income translated into EUR:

	6 months ended 30 June 2023		6 months ended 30 June 2022	
	PLN '000	EUR '000	PLN '000	EUR '000
Sales revenue	491,895	106,632	334,020	71,945
Cost of sales	477,774	103,571	318,088	68,514
<b>Gross profit (loss) on sales</b>	<b>14,121</b>	<b>3,061</b>	<b>15,932</b>	<b>3,431</b>
Operating profit (loss)	4,488	973	6,537	1,408
Gross profit (loss)	6,272	1,360	9,809	2,113
<b>Net profit (loss) from continuing operations</b>	<b>4,509</b>	<b>977</b>	<b>8,038</b>	<b>1,731</b>
Total comprehensive income	4,404	955	8,457	1,822

Main items of the separate statement of cash flows translated into EUR:

	6 months ended 30 June 2023		6 months ended 30 June 2022	
	PLN '000	EUR '000	PLN '000	EUR '000
Cash flows from operating activities	-22,617	-4,903	-38,791	-8,355
Cash flows from investing activities	-4,056	-879	-216	-47
Cash flows from financing activities	-4,625	-1,003	-12,302	-2,650
<b>Total net cash flows</b>	<b>-31,298</b>	<b>-6,785</b>	<b>-51,309</b>	<b>-11,052</b>
Cash at the beginning of the period	60,256	12,848	106,612	23,180
Cash at the end of the period	28,940	6,503	55,328	11,821

Rules adopted to translate selected financial data into EUR:

Item	Exchange rate	30-06-2023	31-12-2022	30-06-2022
Items of assets, equity and liabilities	Mid exchange rate prevailing at the end of the reporting period	4.4503	4.6899	n/a
Items of statement of profit or loss and statement of cash flows	Arithmetic mean of mid exchange rates quoted by the National Bank of Poland on the last day of each month of the period	4.6130	n/a	4.6427

"Cash at the beginning of the period" and "Cash at the end of the period" items in the statement of cash flows	Mid exchange rate prevailing at the end of the reporting period	4.4503	4.6899	4.6806
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ZUE Capital Group

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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR 6 MONTHS ENDED 30 JUNE 2023

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Cracow, 22 August 2023



### III. Condensed consolidated financial statements of the Capital Group

#### Consolidated statement of comprehensive income

Continuing operations	Note no.	6 months ended 30-06-2023	6 months ended 30-06-2022
Sales revenue	4.2.1.	541,707	373,224
Cost of sales	4.2.2.	522,926	352,231
<b>Gross profit (loss) on sales</b>		<b>18,781</b>	<b>20,993</b>
General and administrative expenses	4.2.2.	14,274	12,472
Other operating income	4.2.3.	1,859	1,241
Other operating expenses	4.2.4.	393	831
<b>Operating profit (loss)</b>		<b>5,973</b>	<b>8,931</b>
Financial income	4.2.5.	1,526	3,755
Financial expenses	4.2.6.	1,761	882
<b>Pre-tax profit (loss)</b>		<b>5,738</b>	<b>11,804</b>
Corporate income tax	4.2.7.	1,439	2,197
<b>Net profit (loss) from continuing operations</b>		<b>4,299</b>	<b>9,607</b>
<b>Net profit (loss)</b>		<b>4,299</b>	<b>9,607</b>
<b>Other net comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss:		-105	419
Actuarial gains (losses) relating to specific benefit schemes		-105	419
<b>Total other net comprehensive income</b>		<b>-105</b>	<b>419</b>
<b>Total comprehensive income</b>		<b>4,194</b>	<b>10,026</b>
Number of shares		23,030,083	23,030,083
<b>Consolidated net profit attributable to:</b>			
Shareholders of the Parent Company		4,141	9,285
Non-controlling interests		158	322
Net profit (loss) per share (PLN) attributable to shareholders of the Parent Company (basic and diluted)		0.18	0.40
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Parent Company		4,036	9,704
Non-controlling interests		158	322
Total comprehensive income per share (PLN)		0.18	0.42

## Consolidated statement of financial position

ASSETS	Note	30-06-2023	31-12-2022
<b>Non-current assets</b>			
Property, plant and equipment		71,724	72,128
Investment property		15,790	16,095
Intangible assets		2,776	2,491
Right-of-use assets		35,313	33,234
Goodwill	4.6.1.	31,172	31,172
Investments in subordinates		328	328
Retentions on construction contracts		33,469	21,882
Deferred tax assets	4.2.7.	17,389	19,110
Advanced loans		4,117	2,931
Other financial assets		144	62
<b>Total non-current assets</b>		<b>212,222</b>	<b>199,433</b>
<b>Current assets</b>			
Inventories		63,614	81,667
Trade and other receivables	4.4.1.	170,421	170,637
Valuation of long-term construction contracts	4.3.1	143,120	128,191
Retentions on construction contracts		16,020	16,668
Advance payments		10,720	12,043
Current tax assets	4.2.7.	35	0
Advanced loans		0	1,186
Other assets		1,840	1,618
Cash and cash equivalents		30,096	63,251
<b>Total current assets</b>		<b>435,866</b>	<b>475,261</b>
<b>Total assets</b>		<b>648,088</b>	<b>674,694</b>

EQUITY AND LIABILITIES	Note	30-06-2023	31-12-2022
<b>Equity</b>			
Share capital		5,758	5,758
Share premium account		93,837	93,837
Treasury shares		-2,690	-2,690
Retained earnings		84,918	82,476
<b>Total equity attributable to shareholders of the Parent Company</b>		<b>181,823</b>	<b>179,381</b>
Equity attributable to non-controlling interests		1,475	1,387
<b>Total equity</b>		<b>183,298</b>	<b>180,768</b>
<b>Non-current liabilities</b>			
Long-term loans and bank credits	4.5.1.	9,130	8,696
Long-term lease liabilities	4.5.2.	15,720	15,212
Retentions on construction contracts		14,783	16,337
Liabilities under employee benefits		1,942	1,801
Deferred tax liabilities	4.2.7.	837	1,322
Long-term provisions	4.3.2.	17,219	16,002
<b>Total non-current liabilities</b>		<b>59,631</b>	<b>59,370</b>
<b>Current liabilities</b>			
Trade and other payables	4.4.2.	152,376	150,676
Accrued liabilities	4.3.4.	99,607	91,065
Valuation of long-term construction contracts	4.3.1.	17,343	47,775
Retentions on construction contracts		23,749	21,226
Advance payments		26,678	31,217
Short-term loans and bank credits	4.5.1.	19,212	19,639
Short-term lease liabilities	4.5.2.	4,544	5,070
Other financial liabilities		1,630	36
Liabilities under employee benefits		48,655	50,355
Current tax liabilities	4.2.7.	0	131
Short-term provisions	4.3.2.	11,365	17,366
<b>Total current liabilities</b>		<b>405,159</b>	<b>434,556</b>
<b>Total liabilities</b>		<b>464,790</b>	<b>493,926</b>
<b>Total equity and liabilities</b>		<b>648,088</b>	<b>674,694</b>

## Consolidated statement of changes in equity

	Share capital	Share premium account	Treasury shares	Retained earnings	Total equity attributable to shareholders of the parent company	Equity attributable to non-controlling interests	Total equity
<b>Balance at 1 January 2023</b>	<b>5,758</b>	<b>93,837</b>	<b>-2,690</b>	<b>82,476</b>	<b>179,831</b>	<b>1,387</b>	<b>180,768</b>
Change of interest in subsidiaries	0	0	0	0	0	0	0
Dividend	0	0	0	-1,594	-1,594	-70	-1,664
Issue of shares	0	0	0	0	0	0	0
Issue costs	0	0	0	0	0	0	0
Buy-back of shares	0	0	0	0	0	0	0
Profit (loss)	0	0	0	4,141	4,141	158	4,299
Other net comprehensive income	0	0	0	-105	-105	0	-105
<b>Total changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,442</b>	<b>2,442</b>	<b>88</b>	<b>2,530</b>
<b>Balance at 30 June 2023</b>	<b>5,758</b>	<b>93,837</b>	<b>-2,690</b>	<b>84,918</b>	<b>181,823</b>	<b>1,475</b>	<b>183,298</b>

	Share capital	Share premium account	Treasury shares	Retained earnings	Total equity attributable to shareholders of the parent company	Equity attributable to non-controlling interests	Total equity
<b>Balance at 1 January 2022</b>	<b>5,758</b>	<b>93,837</b>	<b>-2,690</b>	<b>69,287</b>	<b>166,192</b>	<b>211</b>	<b>166,403</b>
Change of interest in subsidiaries	0	0	0	0	0	0	0
Dividend	0	0	0	-3,415	-3,415	0	-3,415
Issue of shares	0	0	0	0	0	0	0
Issue costs	0	0	0	0	0	0	0
Buy-back of shares	0	0	0	0	0	0	0
Profit (loss)	0	0	0	9,285	9,285	322	9,607
Other net comprehensive income	0	0	0	419	419	0	419
<b>Total changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,289</b>	<b>6,289</b>	<b>322</b>	<b>6,611</b>
<b>Balance at 30 June 2022</b>	<b>5,758</b>	<b>93,837</b>	<b>-2,690</b>	<b>75,576</b>	<b>172,481</b>	<b>533</b>	<b>173,014</b>

	Share capital	Share premium account	Treasury shares	Retained earnings	Total equity attributable to shareholders of the parent company	Equity attributable to non-controlling interests	Total equity
<b>Balance at 1 January 2022</b>	<b>5,758</b>	<b>93,837</b>	<b>-2,690</b>	<b>69,287</b>	<b>166,192</b>	<b>211</b>	<b>166,403</b>
Change of interest in subsidiaries	0	0	0	0	0	304	304
Dividend	0	0	0	-3,415	-3,415	-24	-3,439

Issue of shares	0	0	0	0	0	0	0
Issue costs	0	0	0	0	0	0	0
Buy-back of shares	0	0	0	0	0	0	0
Profit (loss)	0	0	0	16,392	16,392	896	17,288
Other net comprehensive income	0	0	0	212	212	0	212
<b>Total changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,189</b>	<b>13,189</b>	<b>1,176</b>	<b>14,365</b>
<b>Balance at 31 December 2022</b>	<b>5,758</b>	<b>93,837</b>	<b>-2,690</b>	<b>82,476</b>	<b>179,381</b>	<b>1,387</b>	<b>180,768</b>

## Consolidated statement of cashflows

	6 months ended 30-06-2023	6 months ended 30-06-2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before tax	5,738	11,804
Adjustments for:		
Depreciation and amortisation	7,339	6,707
Foreign exchange gains / (losses)	18	-25
Interest and share in profit (dividends)	636	-65
Gain / (loss) on disposal of investments	-1,453	-721
<b>Operating profit (loss) before changes in working capital</b>	<b>12,278</b>	<b>17,700</b>
Change in receivables and retentions on construction contracts	-10,812	12,268
Change in inventories	18,053	-36,984
Change in provisions and liabilities under employee benefits	-6,471	7,532
Change in payables and retentions on construction contracts	2,016	-58,074
Change in valuation of construction contracts	-45,361	-16,342
Change in accrued liabilities	8,542	5,351
Change in advance payments	-3,216	32,412
Change in other assets	-227	-655
Income tax paid / (tax refund)	-190	-1,699
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>-25,388</b>	<b>-38,491</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of property, plant and equipment and intangible assets	2,067	1,064
Purchase of property, plant and equipment and intangible assets	-5,375	-2,303
Repayment of loans	36	0
Interest received	403	805
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>-2,869</b>	<b>-434</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans and bank credits received	5,000	0
Repayment of loans and bank credits	-5,000	-4,642
Decrease in lease liabilities	-3,390	-3,797
Lease interest paid	-832	-605
Other interest paid	-588	-202
Other financial income / (expenses) – dividends	-70	-3,415
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-4,880</b>	<b>-12,661</b>
<b>TOTAL NET CASH FLOWS</b>	<b>-33,137</b>	<b>-51,586</b>
Net foreign exchange differences	-18	-25
<b>TOTAL NET CASH FLOWS NET OF FOREIGN EXCHANGE DIFFERENCES</b>	<b>-33,155</b>	<b>-51,561</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>63,251</b>	<b>108,736</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, including:</b>	<b>30,096</b>	<b>57,175</b>
- of limited availability	7,644	23,062

## Notes to the condensed consolidated financial statements of the Capital Group

### 1. General information

#### 1.1. Consolidated companies

Consolidated companies as at 30 June 2023:

Company name	Registered office	Shares as at		Consolidation method
		30 June 2023	31 December 2022	
ZUE S.A.	Cracow	Parent Company	Parent Company	
Biuro Projektów Komunikacyjnych w Poznaniu Sp. z o.o.	Poznań	100%	100%	Full
Railway gft Polska Sp. z o.o.	Cracow	85%	85%	Full
Przedsiębiorstwo Budownictwa Inżynieryjnego ENERGOPOL Sp. z o.o.	Cracow	93.6%	93.6%	Full

ZUE has the power to govern the financial and operating policy of Railway gft, BPK Poznań, RTI and Energopol because as at 30 June 2023, it held a majority stake in the companies.

As at 30 June 2023, ZUE held 100% of shares in Railway Technology International Sp. z o.o. Given an insignificant impact of the subsidiary's financial data on the Group's economic and financial condition, Railway Technology International Sp. z o.o. was not consolidated.

On 12 April 2023, the Ordinary Shareholders Meeting of Railway gft resolved to increase the share capital of Railway gft from PLN 1,000 thousand to PLN 3,000 thousand through the creation of 20,000 new shares with the nominal value of PLN 100 each. All the new shares with the total value of PLN 2,000 thousand were proportionally acquired by the existing shareholders. The increase was registered in the National Court Register.

On 7 June 2023, the Extraordinary Shareholders Meeting of BPK Poznań resolved to voluntarily redeem 11,185 shares and increase the share capital through the creation of 11,185 new shares with the total nominal value of PLN 559,250. All the new shares with the total value of PLN 559,250 were acquired in full by ZUE and paid up in full with the in-kind contribution PLN 559,250 through the set-off of ZUE's claims under the loan agreement.

#### 1.2. Changes in the Group's structure in 2023 and their consequences

No major changes to the Group's structure occurred between the beginning of 2023 and the date of approval of this report, except for the following changes.

On 10 August 2023, after the end of the reporting period, the Parent Company sold all the shares (100%) in BPK Poznań and, consequently, lost control of the company.

The table below sets out the effect of the transaction on the consolidated financial statements of the Group as at 30 June 2023.

#### ASSETS

Total non-current assets	1,606
Total current assets	-8,681
<b>Total assets</b>	<b>-7,075</b>

#### EQUITY AND LIABILITIES

Total equity	2,168
Total liabilities	-9,243
<b>Total equity and liabilities</b>	<b>-7,075</b>
Fair value of consideration	690
Net assets	241
<b>Gain (loss) on disposal of subsidiaries</b>	<b>449</b>
Consideration in form of cash and cash equivalents	559
Balance of cash and cash equivalents of the sold company	381

The share of design activities conducted by BPK Poznań in the consolidated financial statements of the Group is presented in the note 4.2.8.

### 1.3. Core business of the Capital Group

The core business of the Capital Group did not change. The Management Board Report for the first half of 2023 contains a detailed description of the Group's activities.

The financial data of operating segments is presented in the note 4.2.8.

### 1.4. Functional and reporting currency

These financial statements have been prepared in Polish zlotys (PLN). Polish złoty is the Group's functional and reporting currency. The data in the financial statements has been disclosed in thousands of Polish zlotys, unless specific circumstances require greater details.

## 2. Operational information

### 2.1. Major events after the end of the reporting period

On 8 August 2023, the Company published preliminary financial results for the first half of 2023. **(Current report 15/2023)**

On 10 August 2023, the Company informed about the sale of 100% of shares in BPK Poznań, a subsidiary. **(Current report 16/2023)**

### 2.2. Type and amount of items influencing assets, liabilities, equity, net profit or cash flows which are unusual in terms of type, amount or frequency

No unusual items with significant influence on assets, liabilities, equity, net profit or cash flows other than specified herein occurred in the reporting period.

### 2.3. Influence of the situation in Ukraine on the Group's operations

The war in Ukraine did not have a material influence on the financial results at the date of approval of this report.

However, the effects of the war such as limited supply and rising prices of building materials or restrictions on the employment market may have a negative influence on the contracts performed by the Group. The Company keeps monitoring the potential risks and cooperates with contracting authorities to minimize them.

The Company has cooperated with its suppliers for many years. The cooperation with transparent partners as well as internal control of transactions reduce the risk of getting involved in transactions exposed to sanctions imposed by the EU on Russia and Belarus. The Company has no assets in Russia, Belarus or Ukraine and does not conduct any activities in those countries.



The Company constantly monitors the safety of the Group's IT systems to prevent cyberattacks as well as the risks associated with foreign exchange rates and interest rates.

Ukraine's political and economic situation as well as changes on the raw and other materials markets are constantly monitored by the Group in terms of the actual and potential impact thereof on the Group's activities.

Below please find the factors which may occur and influence the markets in which the Issuer operates and the Group's activities in the next quarters:

- Increased prices of certain imported products and materials caused by the long-term weakening of PLN rate (as well as other currencies of the region);
- Disruptions in the chains of supply of certain imported products and materials;
- Long-term increase in the prices of fuels, natural gas and electricity;
- Limited access to fuels and natural gas;
- Greater financial risk of the countries of the region which may limit the access to financing and entail greater costs;
- Decreased supply of financial products as a result of increased spending on defence and security;
- Migration of Ukrainian employees from Poland to Ukraine; and
- Limited availability and higher prices of building materials caused by a long-term radical increase in demand for building materials in Ukraine.

#### 2.4. Seasonal and cyclical nature of the Group's operations

Construction and assembly operations are marked by the seasonality of production and sales. The main factors influencing the amount of revenues and profits in a financial year include weather conditions and the dates of putting contracts out for tender and awarding contracts. The number and size of tenders on the railway market are determined by the National Railway Programme and the current EU perspective. Projects on the urban market depend on the budgetary objectives of local self-governments.

Rail and urban infrastructure construction projects undertaken by the Group cannot be carried out in unfavourable weather conditions. Due to low temperature or snowfall in winter, many tasks are stopped or slowed down to meet technological regimes.

Another factor with an impact on the seasonal nature of the industry is the fact that investment and modernisation projects on the transport infrastructure construction market primarily take place in spring, summer and autumn.

### 3. Corporate information

#### 3.1. Issue and redemption of debt and equity securities

No debt or equity securities were issued or redeemed by any company within the Group in the reporting period.

#### 3.2. Dividend

On 9 May 2023, the Management Board of ZUE passed the resolution on recommendations to the Company's Ordinary General Meeting for allocating the net profit for the financial year 2022 of PLN 10,241 thousand in the following manner:

- 1) The part of the net profit for the financial year 2022 of PLN 1,594 thousand should be paid as dividend (PLN 0.07 per share);
- 2) The residual net profit for the financial year 2022 of PLN 8,647 thousand should be allocated to reserve funds.

The Company's Supervisory Board gave a favourable opinion on the said proposal on 9 May 2023.

On 7 June 2023, the Ordinary General Meeting of ZUE S.A. passed the resolution on the distribution of the Company's profit for 2022 whereby the dividend for 2022 of PLN 0.07 per share would be paid to the Company's shareholders. Shareholders' right to the dividend was determined as at 18 July 2023. The date of the dividend payment was set for 3 August 2023. The dividend was paid according to the said resolution.

## 4. Financial information

### 4.1. Factors and events with significant influence on the Group's financial results for the first half of 2023

In the first half of 2023, the Group's revenue was mainly generated from construction activities on the railway, urban and road (Energopol) markets. In total, the construction activity accounted for approximately 90% of the Group's revenue. The Polish railway market is expecting decisions on the financing of the new contracts and the commencement of works under the contracts already awarded. Also, ZUE is expecting the conclusion of the contract with the net value of PLN 785m (since December 2022). The Company takes part in other tenders announced by PKP PLK S.A. The execution phase started for the railway contracts won on the Romanian market in 2022. The Company's branch was established in Romania to improve the coordination of the Company's operations on the Romanian market.

The number of projects on the urban market is also to a considerable extent linked to the EU funding. The Company participates in tenders whose numbers and values are relatively smaller when compared with previous years. Energopol, a new member of the Group, is increasing its backlog on the road market or, to be more specific, on the local road market. According to information provided in the last interim report for the first quarter of 2023, ZUE is helping Energopol rebuild its market position. Energopol started from a zero level at the beginning of the year but managed to obtain the three contracts with the total net value of approximately PLN 65m, including two construction contracts and one long-term infrastructure contract. Energopol has a long and wide experience on the local road market. It is a major path of the company's development.

This year witnesses low price bids due to strong competition and a small number of investments on the national infrastructure construction market. Despite small values, they often exceed the amounts investors intend to spend on particular projects. The situation is caused by the increased prices of the factors of production.

The total value of the construction contracts entered into by ZUE and Energopol since the beginning of the year is approx. PLN 85m.

### 4.2. Notes to the statement of comprehensive income

#### 4.2.1. Revenue

	Period ended 30-06-2023	Period ended 30-06-2022
Revenue from construction contracts	482,836	327,828
Revenue from the provision of services	6,470	3,718
Revenue from the sale of goods, raw and other materials	52,401	41,678
<b>Total</b>	<b>541,707</b>	<b>373,224</b>

Revenue from construction and design activities is recognised by the Group in the item Revenue from construction contracts. The revenue is earned under the contracts accounted for on the basis of consumed time and expenditures. The services provided under construction contracts are delivered directly to customers after specific tasks have been completed.

In the reporting period, the Group provided its services in Poland and abroad. Revenue from construction contracts includes PLN 3,147 thousand relating to the contracts performed in Romania.

The Group also earned the revenue of PLN 266 thousand from the sale of services to Latvia and the revenue of PLN 62 thousand from the sale of materials to the Czech Republic.

#### Concentration of revenue exceeding 10% of total sales revenue

	Period ended	
	30-06-2023	30-06-2022
Counterparty A	186,700	187,487
Counterparty B		45,185
Counterparty C	64,177	

#### 4.2.2. Operating expenses

	Period ended 30-06-2023	Period ended 30-06-2022
Change in products	-959	-1,256
Depreciation and amortization	7,339	6,707
Consumption of materials and energy, including:	120,171	70,508
- consumption of materials	113,243	65,102
- consumption of energy	6,928	5,406
Contracted services	283,373	182,357
Costs of employee benefits	72,056	66,363
Taxes and charges	1,328	888
Other expenses	6,464	7,010
Value of goods and materials sold	47,428	32,126
<b>Total</b>	<b>537,200</b>	<b>364,703</b>

  

	Period ended 30-06-2023	Period ended 30-06-2022
Cost of sales	522,926	352,231
General and administrative expenses	14,274	12,472
<b>Total</b>	<b>537,200</b>	<b>364,703</b>

The year-on-year increase in general and administrative expenses in the first half of 2023 results, *inter alia*, from higher consultancy fees charged in connection with a change of the law and disclosure requirements for public companies, the purchase of software and hardware as well as higher costs of the business activity. However, the ratio of general and administrative expenses to revenue is as intended by the Management Board of ZUE; i.e. it does not exceed 3%.

#### Depreciation and amortisation

	Period ended 30-06-2023	Period ended 30-06-2022
Depreciation of property, plant and equipment	5,125	4,775
Depreciation of right-of-use assets	1,579	1,437
Amortisation of intangible assets	306	302
Depreciation of investments in real property	329	193
<b>Total</b>	<b>7,339</b>	<b>6,707</b>

#### 4.2.3. Other operating income

	Period ended 30-06-2023	Period ended 30-06-2022
Gain on disposal of assets:	1,453	721
Gain on disposal of non-current assets	1,453	721
<b>Other operating income:</b>	<b>406</b>	<b>520</b>
Damages and penalties	132	14
Release of allowances for receivables	7	59

Refund of the costs of court proceedings	75	201
Substitute performance	162	209
Subsidies	9	0
Other	21	37
<b>Total</b>	<b>1,859</b>	<b>1,241</b>

#### 4.2.4. Other operating expenses

	Period ended 30-06-2023	Period ended 30-06-2022
<b>Loss on disposal of assets:</b>	<b>0</b>	<b>0</b>
Loss on disposal of non-current assets	0	0
<b>Other operating expenses:</b>	<b>393</b>	<b>831</b>
Donations	24	28
Allowances for receivables	7	9
Costs of litigations	113	533
Substitute performance	162	209
Other	87	52
<b>Total</b>	<b>393</b>	<b>831</b>

#### 4.2.5. Financial income

	Period ended 30-06-2023	Period ended 30-06-2022
<b>Interest income:</b>	<b>676</b>	<b>985</b>
Interest on bank deposits	659	977
Interest on loans	6	0
Interest on receivables	11	8
<b>Other financial income:</b>	<b>850</b>	<b>2,770</b>
Foreign exchange gains	258	0
Discount of long-term items	545	2,770
Other	47	0
<b>Total</b>	<b>1,526</b>	<b>3,755</b>

#### 4.2.6. Financial expenses

	Period ended 30-06-2023	Period ended 30-06-2022
<b>Interest expenses:</b>	<b>1,363</b>	<b>771</b>
Interest on credits	180	135
Interest on loans	418	72
Interest on leases	733	532
Interest on trade and other payables	32	32
<b>Other financial expenses:</b>	<b>398</b>	<b>111</b>
Foreign exchange losses	331	84
Discount of long-term items	52	0
Other	15	27
<b>Total</b>	<b>1,761</b>	<b>882</b>

#### 4.2.7. Corporate income tax

##### Corporate income tax recognised in the statement of comprehensive income

	Period ended 30-06-2023	Period ended 30-06-2022
Current income tax	178	601
Deferred tax	1,261	1,596
<b>Total tax expense (income)</b>	<b>1,439</b>	<b>2,197</b>

##### Current income tax

	Period ended 30-06-2023	Period ended 30-06-2022
Gross profit (loss)	5,738	11,804
Difference between gross profit (loss) and income tax base:	-37,987	-10,862
- differences between gross profit and taxable income resulting from costs that are not tax-deductible under tax regulations and revenue not classified as revenue under tax regulations and additional costs and revenue	-37,590	-10,637
- other differences (including loss brought forward)	-397	-225
<b>Income/Loss</b>	<b>-32,249</b>	<b>942</b>
Income tax base	938	3,164
Income tax at the applicable rate of 19%	178	601
<b>Current income tax</b>	<b>178</b>	<b>601</b>

##### Income tax according to effective tax rate

	Period ended 30-06-2023	Period ended 30-06-2022
Gross profit (loss)	5,738	11,804
Income tax at the applicable rate of 19%	1,090	2,243
Effect of tax recognition of:	-7,208	-2,110
- Use of tax losses brought forward	76	43
- Costs that are not tax-deductible under tax regulations	2,905	5,371
- Revenue not classified as revenue under tax regulations	9,595	4,045
- Tax-deductible expenses not classified as balance sheet expenses	517	3,410
- Taxable revenue not classified as balance sheet revenue	75	17
Revaluation of deferred tax assets (current year loss)	6,282	468
Deferred tax	1,261	1,596
<b>Income tax according to effective tax rate</b>	<b>1,439</b>	<b>2,197</b>
Effective tax rate	25%	19%

##### Current tax assets and liabilities

	Balance at 30-06-2023	Balance at 31-12-2022
Current tax assets		
Tax refundable	35	0

## Current tax liabilities

Tax payable	0	131
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## Deferred tax

	Period ended 30-06-2023	Period ended 30-06-2022
Deferred tax balance at the beginning of the period	17,788	21,494
Temporary differences relating to deferred tax assets:	55,222	50,760
Provisions for expenses and accruals	31,978	28,629
Discount of receivables	612	516
Operating lease liabilities	3,809	2,946
Write-downs	857	892
Bonds and insurances accounted for over time	1,562	1,989
Tax work in progress	13,079	8,972
Valuation of long-term contracts	3,295	6,285
Other	30	531
Temporary differences relating to deferred tax liabilities:	45,151	35,776
Valuation of long-term contracts	27,192	20,337
Difference between the carrying and tax amount of property, plant and equipment and intangible assets	15,046	13,405
Discount of payables	2,913	2,034
Unutilised tax losses and other tax credits carried forward:	6,481	4,815
Tax losses	6,481	4,815
Total temporary differences relating to deferred tax assets:	61,703	55,575
Total temporary differences relating to deferred tax liabilities:	45,151	35,776
Deferred tax balance at the end of the period	16,552	19,799
Change in deferred tax, including:	-1,236	-1,695
- recognised in income	-1,261	-1,596
- recognised in equity	25	-99

Deferred tax recognised in equity results from the calculation of tax on actuarial gains/losses presented in other comprehensive income.

### 4.2.8. Operating segments

The Group's reporting is based on operating segments. The Management Board of ZUE have identified the three aggregate operating segments to enable a proper assessment of the type and financial consequences of the Group's operations as required by the IFRS 8:

- Construction;
- Design; and
- Sales.

The segments comply jointly with the following rules:

- Their aggregation is consistent with the objectives and principles of the IFRS 8;
- They have similar economic characteristics;
- They are similar in the following areas: the nature of the products and services, the nature of the production process, the class and type of customers and the methods used to distribute products and services.

The construction activities include the works carried out by ZUE and Energopol. The construction activities conducted by ZUE include the construction and comprehensive modernisation of city transport systems, the construction and comprehensive modernisation of railway lines and services relating to power engineering and power electronics and civil structures.

The construction activities conducted by Energopol include the execution of road works, bridge and road structures, reinforced concrete structures, hydrotechnical and water and sewage works.

Design activities relating to urban and railway transport systems complement the construction activities. The segment includes the contracts performed by BPK Poznań.

The construction activities are also complemented by the sale of materials used to build and repair tracks. This segment includes the activities conducted by Railway gft.

The accounting principles applied to the segments are the same as the principles contained in the description of significant accounting principles. The Group settles sales and transfers between the segments based on current market prices like with transactions with third parties.

BPK Poznań, which dealt with the design of transport infrastructure systems, was sold on 10 August 2023 (after the end of the reporting period). Therefore, the data relating to the design segment is presented in the consolidated financial statements until the date of sale of the subsidiary.

#### Operating segments' results for the first half of 2023:

	Construction	Sales	Design	Exclusions	Total
<b>Sales revenue</b>	<b>498,919</b>	<b>50,217</b>	<b>4,356</b>	<b>-11,785</b>	<b>541,707</b>
including:					
Revenue from external customers	496,910	40,691	3,868	238	541,707
Inter-segment revenues	2,009	9,526	488	-12,023	0
including:					
Revenue from construction contracts	479,955	0	4,356	-1,475	482,836
Revenue from the provision of services	7,239	15	0	-784	6,470
Revenue from the sale of goods, raw and other materials	11,725	50,202	0	-9,526	52,401
<b>Gross profit</b>	<b>15,015</b>	<b>2,662</b>	<b>1,029</b>	<b>75</b>	<b>18,781</b>
Financial income / expenses	1,636	-275	-112	-1,484	-235
Interest received	569	0	0	-166	403
Interest paid	-1,266	-306	-14	166	-1,420
<b>Pre-tax profit</b>	<b>6,081</b>	<b>1,003</b>	<b>151</b>	<b>-1,497</b>	<b>5,738</b>
Corporate income tax	1,184	152	94	9	1,439
<b>Net profit</b>	<b>4,897</b>	<b>851</b>	<b>57</b>	<b>-1,506</b>	<b>4,299</b>
Depreciation and amortisation	7,248	34	37	20	7,339
Property, plant and equipment	69,043	299	23	2,359	71,724
Non-current assets	217,452	623	228	-6,081	212,222
<b>Total assets</b>	<b>628,461</b>	<b>23,136</b>	<b>10,878</b>	<b>-14,387</b>	<b>648,088</b>
<b>Total liabilities</b>	<b>446,280</b>	<b>15,892</b>	<b>10,637</b>	<b>-8,019</b>	<b>464,790</b>

In the reporting period, the Group provided its services in Poland and abroad. Revenue from construction contracts includes PLN 3,147 thousand relating to the contracts performed in Romania.

The Group also earned the revenue of PLN 266 thousand from the sale of services to Latvia and the revenue of PLN 62 thousand from the sale of materials to the Czech Republic.

#### Operating segments' results for the first half of 2022:

	Construction	Sales	Design	Exclusions	Total
<b>Sales revenue</b>	<b>334,020</b>	<b>43,667</b>	<b>4,219</b>	<b>-8,682</b>	<b>373,224</b>
including:					

Revenue from external customers	332,276	37,270	3,472	206	373,224
Inter-segment revenues	1,744	6,397	747	-8,888	0
including:					
Revenue from construction contracts	324,091	0	4,219	-482	327,828
Revenue from the provision of services	5,486	35	0	-1,803	3,718
Revenue from the sale of goods, raw and other materials	4,443	43,632	0	-6,397	41,678
<b>Gross profit</b>	<b>15,932</b>	<b>5,063</b>	<b>332</b>	<b>-334</b>	<b>20,993</b>
Financial income / expenses	3,272	-466	54	13	2,873
Interest received	939	0	0	-134	805
Interest paid	-671	-248	-22	134	-807
<b>Pre-tax profit</b>	<b>9,809</b>	<b>2,785</b>	<b>-549</b>	<b>-241</b>	<b>11,804</b>
Corporate income tax	1,771	471	1	-46	2,197
<b>Net profit</b>	<b>8,038</b>	<b>2,314</b>	<b>-550</b>	<b>-195</b>	<b>9,607</b>
Depreciation and amortisation	6,619	16	72	0	6,707
Property, plant and equipment	71,262	71	76	2,519	73,928
Non-current assets	184,738	443	716	-832	185,065
<b>Total assets</b>	<b>531,337</b>	<b>19,724</b>	<b>11,129</b>	<b>-5,963</b>	<b>556,227</b>
<b>Total liabilities</b>	<b>360,625</b>	<b>15,901</b>	<b>11,944</b>	<b>-5,257</b>	<b>383,218</b>

The Group operated in Poland in the first half of 2022. In addition, the Group earned the revenue of PLN 88 thousand from the sale of materials to Germany.

### 4.3. Contracts, provisions, write-downs and accrued liabilities

#### 4.3.1. Construction contracts

	30-06-2023	31-12-2022
<b>Assets (selected items)</b>	<b>254,216</b>	<b>240,264</b>
- Valuation of long-term construction contracts	143,120	128,191
- Advance payments made in connection with performed contracts	10,720	11,893
- Retentions on construction contracts retained by customers	49,489	38,550
- Inventories	50,887	61,630
<b>Liabilities (selected items)</b>	<b>207,600</b>	<b>235,803</b>
- Valuation of long-term construction contracts	17,343	47,775
- Provisions for contract costs	96,655	86,920
- Advance payments received in connection with performed contracts	26,499	30,191
- Retentions on construction contracts retained for suppliers	38,532	37,563
- Provisions for warranty claims	19,332	18,572
- Provisions for expected losses on contracts	9,239	14,782

#### 4.3.2. Provisions

##### Change in provisions

Provisions	01-01-2023	Created	Used	Released	Reclassified	30-06-2023	Item
Long-term provisions:	17,803	1,730	647	-623	-348	19,161	



Provisions for employee benefits	1,801	144	0	3	0	1,942	Liabilities under employee benefits (long-term)
Provisions for warranty claims	16,002	1,586	647	-626	-348	17,219	Long-term provisions
Other provisions	0	0	0	0	0	0	Long-term provisions
<b>Short-term provisions:</b>	<b>55,416</b>	<b>15,845</b>	<b>14,270</b>	<b>10,304</b>	<b>348</b>	<b>47,035</b>	
Provisions for employee benefits	38,050	13,028	13,595	1,813	0	35,670	Liabilities under employee benefits (short-term)
Provisions for warranty claims	2,570	314	664	455	348	2,113	Short-term provisions
Provision for loss on contracts	14,782	2,499	6	8,036	0	9,239	Short-term provisions
Other provisions	14	4	5	0	0	13	Short-term provisions
<b>Total provisions:</b>	<b>73,219</b>	<b>17,575</b>	<b>14,917</b>	<b>9,681</b>	<b>0</b>	<b>66,196</b>	

A provision for warranty claims is made for the construction contracts in respect of which warranty has been given by the Group depending on the amount of revenues. The amount of provisions may decrease or increase on the basis of inspections of construction works carried out in subsequent years of warranty.

The release of provisions for expected losses on contracts results from the greater progress of works under the contracts. Greater progress of works entails the costs. With the greater progress of works on the projects with loss, a provision for losses is successively released.

#### Comparative information:

Provisions	01-01-2022	Created	Used	Released	Reclassified	31-12-2022	Item
<b>Long-term provisions:</b>	<b>18,434</b>	<b>3,885</b>	<b>122</b>	<b>3,517</b>	<b>-877</b>	<b>17,803</b>	
Provisions for employee benefits	1,864	471	0	534	0	1,801	Liabilities under employee benefits (long-term)
Provisions for warranty claims	16,570	3,414	122	2,983	-877	16,002	Long-term provisions
Other provisions	0	0	0	0	0	0	Long-term provisions
<b>Short-term provisions:</b>	<b>48,491</b>	<b>43,465</b>	<b>21,204</b>	<b>16,213</b>	<b>877</b>	<b>55,416</b>	
Provisions for employee benefits	31,441	32,077	20,385	5,083	0	38,050	Liabilities under employee benefits (short-term)
Provisions for warranty claims	2,489	697	802	691	877	2,570	Short-term provisions
Provision for loss on contracts	14,530	10,691	0	10,439	0	14,782	Short-term provisions
Other provisions	31	0	17	0	0	14	Short-term provisions

<b>Total provisions:</b>	<b>66,925</b>	<b>47,350</b>	<b>21,326</b>	<b>19,730</b>	<b>0</b>	<b>73,219</b>	
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#### 4.3.3. Write-downs and allowances

##### Change in write-downs and allowances

Write-downs and allowances	01-01-2023	Creation	Use	Release	30-06-2023
<b>Write-downs and allowances:</b>	<b>36,180</b>	<b>183</b>	<b>0</b>	<b>3,682</b>	<b>32,677</b>
Write-downs of property, plant and equipment	0	0	0	0	0
Write-downs of right-of-use assets	0	0	0	0	0
Write-downs of investment property	770	0	0	0	770
Write-downs of inventories	1	0	0	0	1
Allowances for trade receivables in connection with the increase of credit risk	32,790	183	0	3,646	29,327
Allowances for trade receivables for expected credit losses	309	0	0	0	309
Write-downs of retentions	11	0	0	0	11
Write-downs of advance payments	47	0	0	0	43
Write-downs of shares	251	0	0	0	251
Write-downs of loans	2,001	0	0	22	1,965
<b>Total:</b>	<b>36,180</b>	<b>183</b>	<b>0</b>	<b>3,682</b>	<b>32,677</b>

Allowances for trade receivables of PLN 29.3m include:

- o Debit notes issued by the Group in the past years for penalties, damages and substitute performance of PLN 27.5m. The amount is for presentation purposes only because the notes are not the Group's revenue at the date of issue.
- o Receivables under court and enforcement cases of PLN 1.1m from prior years.
- o Doubtful debt of PLN 0.7m from prior years.

##### Changes in loss allowances on receivables

Change in allowances for trade receivables influencing the profit or loss includes the release of allowances of PLN 7 thousand and the creation of allowances of PLN 7 thousand. The remaining balance is for presentation purposes only and results, *inter alia*, from the debit notes issued by the Group for the penalties and damages that are not the Group's revenue at the date of issue.

##### Comparative information

Write-downs and allowances	01-01-2022	Creation	Use	Release	31-12-2022
<b>Write-downs and allowances:</b>	<b>30,476</b>	<b>22,981</b>	<b>2,269</b>	<b>15,008</b>	<b>36,180</b>
Write-downs of property, plant and equipment	0	0	0	0	0
Write-downs of right-of-use assets	0	0	0	0	0

Write-downs of investment property	770	0	0	0	770
Write-downs of inventories	1	0	0	0	1
Allowances for trade receivables in connection with the increase of credit risk	28,642	21,197	2,269	14,780	32,790
Allowances for trade receivables for expected credit losses	489	0	0	180	309
Write-downs of retentions	11	0	0	0	11
Write-downs of advance payments	47	0	0	0	47
Write-downs of shares	231	20	0	0	251
Write-downs of loans	285	1,764	0	48	2,001
<b>Total:</b>	<b>30,476</b>	<b>22,981</b>	<b>2,269</b>	<b>15,008</b>	<b>36,180</b>

#### 4.3.4. Accrued liabilities

	Balance at 30-06-2023	Balance at 31-12-2022
Provisions for contract costs	96,655	86,920
Other accrued liabilities	2,952	4,145
<b>Total</b>	<b>99,607</b>	<b>91,065</b>

#### 4.4. Trade and other receivables and payables

##### 4.4.1. Trade and other receivables

	30-06-2023	31-12-2022
Trade receivables	190,064	199,577
Allowances for trade receivables in connection with the increase of credit risk	-29,327	-32,790
Allowance for trade receivables for expected credit losses	-309	-309
Receivables from the government budget other than corporate income tax	5,457	2
Other receivables	4,536	4,157
<b>Total trade and other receivables</b>	<b>170,421</b>	<b>170,637</b>

Other receivables include the security created in connection with the financing agreement of PLN 4,000 thousand.

#### Concentration of (gross) trade receivables that exceed 10% of total receivables

	30-06-2023	31-12-2022
Counterparty A	46,376	77,318
Counterparty B	26,771	21,601
Counterparty C	23,803	

The concentration of credit risk is limited due to the fact that the creditability of the abovementioned Counterparty A assessed, *inter alia*, by analysing their financial standing, is high and the fact that the said Counterparty meets additional requirements concerning the settlement of the EU funds. The Group has carried out the construction contracts for the Counterparty A for many years. The Counterparty A is co-owned by the State Treasury as a result

of which their creditability is even higher. Accordingly, the Management Board of ZUE believe there is no need to create additional provisions.

#### 4.4.2. Trade and other payables

	30-06-2023	31-12-2022
Trade payables	148,689	135,902
Liabilities to the government budget other than corporate income tax	3,347	14,476
Other payables	340	298
<b>Total trade and other payables</b>	<b>152,376</b>	<b>150,676</b>

#### 4.5. Loans, bank credits, leases and management of capital

##### 4.5.1. Loans and bank credits

	30-06-2023	31-12-2022
<b>Long-term</b>	<b>9,130</b>	<b>8,696</b>
Bank credits	0	0
Loans received	9,130	8,696
<b>Short-term</b>	<b>19,212</b>	<b>19,639</b>
Bank credits	3,050	3,050
Loans received	16,162	16,589
<b>Total</b>	<b>28,342</b>	<b>28,335</b>

#### Summary of loan and credit agreements as at 30 June 2023

No.	Bank	Description	Principal/limit according to the agreement as at 30-06-2023	Amount of available loans/credits as at 30-06-2023	Use as at 30-06-2023	Interest	Repayment date
1	mBank S.A.	Overdraft	10,000	10,000	0	ON WIBOR + margin	July 2024
2	mBank S.A. (i)	Master agreement	25,000		4,756	1M WIBOR + margin	June 2024
	including:	sublimit for bonds	25,000	20,244	4,756		
		non-revolving working capital credit	25,000	20,244	0		
3	Alior Bank S.A.	Multicurrency credit limit agreement	30,000		3,644	1M WIBOR + margin	
	including:	sublimit for bonds	30,000	26,356	3,644		June 2024
		overdraft	1,500	1,500	0		June 2025
4	Agencja Rozwoju Przemysłu S.A.	Loan agreement	25,000	0	25 000	1M WIBOR + margin	August 2025
5	Alior Bank S.A.	Revolving credit account agreement	40,000	40,000	0	1M WIBOR + margin	June 2025
6	Magdalena Nowak	Loan agreement	292	0	292	3M WIBOR + margin	Indefinite
7	mBank S.A.	Working capital credit	3,050	0	3,050	1M WIBOR + margin	June 2024

	<b>Total amount of available loans and credits</b>		<b>71,744</b>			
	<b>Total debt under loans and credits</b>			<b>28,342</b>		
	<b>Total use for bonds</b>			<b>8,400</b>		

(i) ZUE is able to use the limit for both working capital credit and bank bonds. The current use concerns the bonds.

Types of security and liabilities under credit agreements:

1. Overdraft:

- Financial pledge on cash kept on customer's bank accounts maintained by the Bank;
- Registered pledge on non-current assets – machinery and equipment owned by the Company;
- Statement on submission to enforcement;
- Assignment of rights under insurance policy.

2. Master agreement:

- Contractual joint mortgage up to PLN 35,420 thousand on the plot in Cracow;
- Security deposit established each time for the bonds expiring after 36 months;
- Financial pledge on cash kept on customer's bank accounts maintained by the Bank;
- Registered pledge on non-current assets – machinery and equipment owned by the Company;
- Statement on submission to enforcement;
- Assignment of rights under insurance policy.

3. Multicurrency credit limit agreement:

- Promissory note with declaration;
- Assignment of receivables under contracts;
- Statement on submission to enforcement;
- Power of attorney to the bank account.

4. Loan agreement:

- Contractual joint mortgage up to PLN 45,000 thousand on the plot in Poznań;
- Assignment of receivables under contracts;
- Registered pledge on non-current assets – machinery and equipment owned by the Company;
- Statement on submission to enforcement;
- Assignment of rights under insurance policy.

5. Revolving credit account agreement:

- Power of attorney to the bank account;
- Promissory note with declaration;
- Guarantee under the Crisis Guarantee Fund;
- Statement on submission to enforcement.

6. Working capital credit:

- Guarantee by ZUE;
- Blank promissory note with declaration;
- Statement on submission to enforcement;
- Financial pledge on cash kept on the company's bank accounts maintained by the Bank.

The following amendments to particular credit agreements signed by the Group were made in the reporting period:

- mBank – Overdraft (item 1) – an annex was signed by the Company on 29 June 2023 whereby the repayment date was extended by one year;
- mBank – Master Agreement (item 2) – an annex was signed by the Company on 31 May 2023 whereby the repayment date was extended by one year;
- Alior Bank – Multicurrency Credit Limit Agreement (item 3) – on 26 June 2023, the Company signed an annex whereby the repayment date was extended by one year for the guarantee limit and by two years for the overdraft. In addition, the amount of the overdraft was set as PLN 1.5m. The limit is revolving;
- Alior Bank - Revolving credit account agreement (item 5) – on 28 June 2023, the Company signed the credit account agreement. The Company may use the credit limit to finance day-to-day operations, including the financing of the construction contracts carried out in Romania. The tenor was set until 27 June 2025;
- mBank – Working capital credit (item 7) – an annex was signed by a subsidiary on 31 May 2023 whereby the repayment date was extended by one year.

The following amendments were made after the end of the reporting period:

- Agencja Rozwoju Przemysłu – Loan Agreement (item 4) – the Annex no. 1 to the Loan Agreement was signed by the Company on 19 July 2023 whereby the loan was changed to Revolving Loan Limit.

- Magdalena Nowak – Loan agreement (item 6) – the loan plus interest was repaid on 10 August 2023.

#### Comparative information:

No.	Bank	Description	Principal/limit according to the agreement as at 31-12-2022	Amount of available loans/credits as at 31-12-2022	Use as at 31-12-2022	Interest	Repayment date
1	mBank S.A.	Overdraft	10,000	10,000	0	ON WIBOR + margin	July 2023
2	mBank S.A. (i)	Master agreement	25,000		11,770	1M WIBOR + margin	May 2023
	including:	sublimit for bonds	25,000	13,230	11,770		
		non-revolving working capital credit	25,000	13,230	0		
3	Alior Bank S.A.	Multicurrency credit limit agreement	30,000		0	1M WIBOR + margin	June 2023
	including:	sublimit for bonds	30,000	30,000	0		
		overdraft	2,000	2,000	0		
4	Agencja Rozwoju Przemysłu S.A.	Loan agreement	30,000	5,000	25,000	1M WIBOR + margin	August 2025
5	mBank S.A.	Working capital credit	3,050	0	3,050	1M WIBOR + margin	May 2023
6	Magdalena Nowak	Loan agreement	285	0	285	3M WIBOR + margin	indefinite
	<b>Total amount of available loans and credits</b>			30,230			
	<b>Total debt under loans and credits</b>				28,335		
	<b>Total use for bonds</b>				11,770		

(i) ZUE is able to use the limit for both working capital credit and bank bonds. The current use concerns the bonds.

#### 4.5.2. Leases

##### Lease liabilities

	30-06-2023	31-12-2022
Long-term lease liabilities	15,720	15,212
Short-term lease liabilities	4,544	5,070
<b>Total</b>	<b>20,264</b>	<b>20,282</b>

No leaseback agreements were signed by the Group in the reporting period.

Lease contracts in the total amount of PLN 3,699 thousand were concluded by the Group in the reporting period.

#### 4.6. Other notes to the financial statements

##### 4.6.1. Goodwill

The goodwill of Przedsiębiorstwo Robót Komunikacyjnych w Krakowie S.A. (PRK) is the result of the acquisition of 85% of PRK shares and the control gained in 2010. The acquisition of PRK was accounted for on the basis of the data contained in the separate financial statements of PRK as at 31 December 2009 and was recognised for the first time in the Financial Statements of the Capital Group in 2010.

The goodwill of PRK is assigned in full to the construction activity segment.

The goodwill of BPK Poznań is the result of the purchase of 830 shares in BPK Poznań and the control gained on 2012.

The acquisition of BPK Poznań was accounted for on the basis of the data contained in the separate financial statements of BPK Poznań as at 31 March 2012 and was recognised for the first time in the Financial Statements of the Capital Group in 2012.

The goodwill of BPK Poznań is fully assigned to the design activity segment.

At cost	30-06-2023	31-12-2022
Goodwill of PRK	31,172	31,172
Goodwill of BPK Poznań	1,474	1,474
Impairment losses (BPK Poznań)	-1,474	-1,474
<b>Balance at the end of the reporting period</b>	<b>31,172</b>	<b>31,172</b>

### Goodwill impairment test

After it had considered external circumstances influencing a long-term market capitalization of the Company below the carrying amount, the Group carried out the tests for the impairment of assets. The impairment tests carried out as at 31 December 2022 according to *IAS 36 Impairment of Assets* revealed no indication of impairment of the carrying amount of the Company's assets. As at 30 June 2023, the Group reviewed the assumptions used to carry out the test and decided that they were still up to date. Accordingly, there is no impairment of goodwill at the end of the reporting period. The Group intends to carry out the test at the end of the year.

#### 4.6.2. Purchase and sale of property, plant and equipment and intangible assets

The total capital expenditures disclosed in the reporting period in the statement of cash flows amounted to PLN 5,375 thousand.

As at 30 June 2023, net liabilities incurred to purchase property, plant and equipment amounted to PLN 1,226 thousand.

As at 30 June 2022, net liabilities incurred to purchase property, plant and equipment amounted to PLN 511 thousand.

Major investments in property, plant and equipment and intangible assets made by the Group in the reporting period included:

- Complete overhauls of vehicles (mainly wagons) – PLN 1,415 thousand;
- Complete overhaul of tamping machine – PLN 1,166 thousand;
- Purchase of cars – PLN 516 thousand;
- Purchase of discharge conveyors – PLN 384 thousand;
- Purchase of wheeled milling machine – PLN 240 thousand;
- Purchase of crawler paver – PLN 190 thousand;
- Purchase of combination roller – PLN 90 thousand;
- Purchase of storage containers – PLN 41 thousand.

In the first half of 2023, the Group sold the property, plant and equipment and intangible assets with the total net carrying amount of PLN 615 thousand. In the first half of 2022, the Group sold the property, plant and equipment and intangible assets with the total net carrying amount of PLN 328 thousand.

#### 4.6.3. Financial instruments

The following table sets out the carrying amounts of the Group's financial instruments classified as particular classes and categories of assets and liabilities.

#### Balance at 30 June 2023

Classes of financial instruments	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost
Retentions on construction contracts (before discount)	52,710	0	0	0	45,791
Trade receivables	190,064	0	0	0	0
Other financial liabilities	0	0	0	0	1,630
Advanced loans	6,082	0	0	0	0
Cash and cash equivalents	0	30,096	0	0	0
Loans and bank credits	0	0	0	0	28,342
Lease liabilities	0	0	0	0	20,264
Trade payables	0	0	0	0	148,689
<b>Total</b>	<b>248,856</b>	<b>30,096</b>	<b>0</b>	<b>0</b>	<b>244,716</b>

No changes to the classification of financial instruments or shifts between individual levels of fair value occurred in the reporting period.

#### Balance at 31 December 2022

Classes of financial instruments	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost
Retentions on construction contracts (before discount)	41,924	0	0	0	44,593
Trade receivables	199,577	0	0	0	0
Other financial liabilities	0	0	0	0	36
Advanced loans	6,118	0	0	0	0
Cash and cash equivalents	0	63,251	0	0	0
Loans and bank credits	0	0	0	0	28,335
Lease liabilities	0	0	0	0	20,282
Trade payables	0	0	0	0	135,902
<b>Total</b>	<b>247,619</b>	<b>63,251</b>	<b>0</b>	<b>0</b>	<b>229,148</b>

No changes to the classification of financial instruments or shifts between individual levels of fair value occurred in the reporting period.

#### 4.6.4. Transactions with related parties

	Receivables			Payables	
	Balance at			Balance at	
	30-06-2023	31-12-2022		30-06-2023	31-12-2022
RTI	0	0		0	0
Wiesław Nowak	0	0		0	0
<b>Total</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>
	Revenue			Purchases	
	Period ended			Period ended	
	30-06-2023	30-06-2022		30-06-2023	30-06-2022
RTI	2	2		0	0
Wiesław Nowak	1	2		0	0
<b>Total</b>	<b>3</b>	<b>4</b>		<b>0</b>	<b>0</b>
	Advanced loans			Financial income (interest)	
	Balance at			Period ended	



	30-06-2023	31-12-2022	30-06-2023	30-06-2022
RTI	0	0	0	0
Wiesław Nowak	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

In the reporting period, transactions were entered into between ZUE and the subsidiaries, and the related parties on arm's length terms.

In the reporting period, ZUE leased business establishment to RTI on the basis of the lease of 31 December 2015.

#### Remuneration of key management personnel

No major changes to the remuneration of key management personnel occurred in the reporting period.

#### 4.6.5. Major proceedings before court or arbitration or public administration authority at the date of preparation of this report

Court cases are discussed in detail in the Management Board Report on the activities of ZUE Capital Group for the first half of 2023.

Pending court proceedings did not have any material influence on these financial statements.

#### 4.6.6. Tax settlements

Tax settlements and other areas of activity may be inspected by the administrative authorities authorised to impose harsh fines and penalties. The applicable laws are unclear and inconsistent because there are no references to established regulations in Poland. Common differences of opinions on legal interpretation of tax regulations both amongst state authorities and between state authorities and enterprises give rise to uncertainty and conflicts. Therefore, the tax risk in Poland is much higher than that in the countries with more mature tax system.

Tax settlements may be inspected within five years after the end of the year the tax was paid in. Additional tax liabilities may be imposed on the Group as a result of such inspections.

No significant or countable tax risks were recognised by the Group as at 30 June 2023 or 31 December 2022.

The inspection of CIT for 2018 commenced at the Company on 7 February 2022. The Company was provided with the inspection result after the end of the reporting period on 21 July 2023. The inspection revealed no irregularities to the settlement of CIT for 2018.

#### 4.6.7. Contingent assets and contingent liabilities and security on property

##### Contingent assets

	30-06-2023	31-12-2022
Bonds	100,096	94,076
Guarantees	1,200	0
Promissory notes	14,713	12,608
<b>Total</b>	<b>116,009</b>	<b>106,684</b>

Contingent assets in the form of bonds include the bonds provided by banks and insurance companies for the benefit of the Group companies to secure their claims relating to subcontracted construction services and the repayment of advances.

In addition, the Group received promissory notes from subcontractors to secure ZUE's claims against the subcontractors and the repayment of advances.

The subcontractor appointed by the Group to perform the construction contract voluntarily submitted to enforcement to secure the repayment of an advance made by the Group.

#### Contingent liabilities and security on property

	30-06-2023	31-12-2022
Bonds	479,879	515,905
Guarantees	30,907	13,285
Promissory notes	299,028	248,164
Mortgages	186,529	186,529
Pledges	163,351	158,556
<b>Total</b>	<b>1,159,694</b>	<b>1,122,439</b>

Contingent liabilities in the form of bonds for the benefit of third parties include, in particular, bid bonds, performance bonds, defects liability bonds and advance payment bonds provided by insurance companies and banks to the Group's counterparties to secure their claims against the Group, mainly in connection with construction contracts and sales agreements. The insurance companies and the banks have recourse against the Group.

Contingent liabilities in the form of guarantees secure the bonds and credits provided to the Group companies by banks and insurance companies and guaranteed by ZUE as the Parent Company.

The liabilities to banks, lessors and strategic customers are secured by promissory notes.

Mortgages are additional security for the credit agreement with mBank S.A., the insurance agreement with PZU S.A. and InterRisk S.A., the guarantee limit agreement with PEKAO S.A. and the loan agreement with Agencja Rozwoju Przemysłu S.A.

Registered pledges were established to secure the agreements entered into with BNP Paribas Bank Polska S.A., PEKAO S.A., mBank S.A., CaixaBank and Agencja Rozwoju Przemysłu S.A. The pledged assets include wagons, pile driver, maintenance train, engine and ballast profiling machine.

There is also financial pledge over the borrower's bank accounts to secure the agreements between the Group companies and mBank S.A.

#### 4.6.8. Liabilities incurred to purchase property, plant and equipment

There were no major agreements concerning capital expenditures on property, plant and equipment as at 30 June 2023 or 31 December 2022.

#### 4.6.9. Discontinued operations

No operations were discontinued within the meaning of IFRS 5 in the reporting period or the comparative period.

### 4.7. Other notes to the financial statements

#### 4.7.1. Use of the International Financial Reporting Standards

##### Statement of compliance

The condensed consolidated financial statements have been drawn up in accordance with IAS 34 as at 30 June 2023 as endorsed by the European Union.

The consolidated financial statements for the six months ended 30 June 2023 have been prepared according to the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and the conditions for recognizing information required under the law of a non-member state as equivalent.

##### Standards and interpretations used for the first time in the reporting period

The following amendments to the existing standards published by the International Accounting Standards Board and approved for use in the European Union come into force in 2023:

- **IFRS 17 "Insurance Contracts" and amendments to IFRS 17** (effective for annual periods beginning on or after 1 January 2023 with earlier application permitted);

- **Amendments to IAS 1 "Presentation of Financial Statements"** and guidelines of the IFRS Board on disclosures of accounting policies – disclosure of material accounting policy information (effective for annual periods beginning on or after 1 January 2023 with earlier application permitted);
- **Amendments to IAS 8 "Accounting Principles (Policies), Changes in Accounting Estimates and Errors"** – definition of estimates (effective for annual periods beginning on or after 1 January 2023 with earlier application permitted);
- **Amendments to IAS 12 "Income Taxes"** – deferred tax related to assets and liabilities on particular transactions (effective for 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 (effective for annual periods beginning on or after 1 January 2023).

According to the Group, the abovementioned standards or amendments to the standards do not have any material influence on the consolidated financial statements of the Group.

#### Standards and interpretations published and endorsed by the EU but not yet effective

Standards and interpretations published and approved for use in the EU but not yet effective at the date of approval of the financial statements:

- **Amendments to IFRS 16 "Leases"** – Lease Liability in Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024);
- **Amendments to IAS 1 "Presentation of Financial Statements: – Classification of Liabilities as Current or Non-Current"** (effective for annual periods beginning on or after 1 January 2024 with earlier application permitted).

#### Standards and interpretations adopted by the IASB but not yet endorsed by the EU

Amendments to the existing standards or the new standards published by the International Accounting Standards Board (IASB) and not yet endorsed by the EU:

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016), not endorsed by the EU;
- **Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"** (the effective date has been deferred by the IASB indefinitely).

According to the Group, the abovementioned standards or amendments to the standards will not have any material influence on the consolidated financial statements of the Group.

### 4.7.2. Important accounting principles

#### 4.7.2.1. Going concern

The consolidated financial statements have been prepared assuming that the Group will continue in operational existence for at least 12 months after the end of the reporting period. The most important factor influencing the Group's ability to continue in operational existence is the financial condition of the Parent Company. The key factors with an impact on the Capital Group's ability to continue its operations include liquidity, proper backlog and market situation.

In the 6 months ended 30 June 2023, the Group recognised the sales revenue of PLN 541.7m and the gross profit on sales of PLN 18.8m. As at 30 June 2023, the Group presented the total current assets of PLN 435.9m, including trade and other receivables of PLN 170.4m and the cash of approx. PLN 30.1m. At the end of the reporting period, the Group had the backlog worth approximately PLN 1,458m and was in the process of winning new contracts.

Therefore, the Management Board of the Parent Company state that there are no significant going concern risks at the date of preparation of this report, no economic circumstances have occurred or no strategic decisions have been made, and these financial statements have been prepared assuming that the Group will continue in operational existence in the foreseeable future.

#### 4.7.2.2. Preparation basis

The Group has prepared these half-yearly consolidated financial statements according to the regulations set out in IAS 34 "Interim Financial Reporting" and applied the same principles for the current and comparative period.

#### 4.7.2.3. Comparability of financial data

No changes in the presentation of financial information have been made in the comparative periods.

#### 4.7.2.4. Applied accounting principles

These half-yearly consolidated financial statements for the six months ended 30 June 2023 have been prepared according to the same accounting principles and measurement methods as those applied in the last annual financial statements of the Group as at 31 December 2022. The financial statements for the financial year ended 31 December 2022 contain a detailed description of the accounting principles adopted by the Group.

The analysis of the assumptions used to recognise provisions for warranty claims resulted in a decision to reduce the rate of the provisions in a subsidiary. The effect of this change on the consolidated financial statements amounted to PLN 249 thousand.

These half-yearly consolidated financial statements do not contain all the information or disclosures required in the case of annual financial statements and they should be read together with the annual consolidated financial statements of the Capital Group and the annual financial statements of ZUE.

#### 4.7.3. Sources of estimation uncertainty

The preparation of financial statements in conformity with the IFRS requires the Management Board of the Company to make judgments, estimates and assumptions that affect the adopted principles and reported assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates relate, *inter alia*, to:

- Impairment of goodwill (note no. 4.6.1.)
- Useful economic lives of non-current assets
- Loss allowances for receivables (note no. 4.3.3.)
- Provisions (note no. 4.3.2.)
- Valuation of long-term construction contracts (note no. 4.3.1.)
- Deferred income tax (note no. 4.2.7.)
- Contingent assets and contingent liabilities and security on property (note no. 4.6.7.)
- Uncertainty over tax settlements (note no. 4.6.6.)

Revisions to estimates occurred in the reporting period with reference to construction contracts accounted for using percentage-of-completion method – the revision was influenced by the review of the construction contract budgets, which entailed a change in the planned income and expenses relating to the performed contracts. The said revisions did not have any material influence on the Group's performance in the reporting period.



ZUE S.A.

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CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR 6 MONTHS ENDED 30 JUNE 2023

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Cracow, 22 August 2023

#### IV. Condensed separate financial statements of ZUE S.A.

##### Separate statement of comprehensive income

Continuing operations	Note no.	6 months ended 30-06-2023	6 months ended 30-06-2022
Sales revenue	2.1.1.	491,895	334,020
Cost of sales	2.1.2.	477,774	318,088
<b>Gross profit (loss) on sales</b>		<b>14,121</b>	<b>15,932</b>
General and administrative expenses	2.1.2.	11,211	9,797
Other operating income	2.1.3.	1,852	1,210
Other operating expenses	2.1.4.	274	808
<b>Operating profit (loss)</b>		<b>4,488</b>	<b>6,537</b>
Financial income	2.1.5.	3,701	3,936
Financial expenses	2.1.6.	1,917	664
<b>Pre-tax profit (loss)</b>		<b>6,272</b>	<b>9,809</b>
Corporate income tax	2.1.7.	1,763	1,771
<b>Net profit (loss) from continuing operations</b>		<b>4,509</b>	<b>8,038</b>
<b>Net profit (loss)</b>		<b>4,509</b>	<b>8,038</b>
<b>Other net comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss:		-105	419
Actuarial gains (losses) relating to specific benefit schemes		-105	419
<b>Total other net comprehensive income</b>		<b>-105</b>	<b>419</b>
<b>Total comprehensive income</b>		<b>4,404</b>	<b>8,457</b>
Number of shares		23,030,083	23,030,083
Net profit (loss) per share (PLN) (basic and diluted)		0.20	0.35
Total comprehensive income per share (PLN)		0.19	0.37

## Separate statement of financial position

ASSETS	Note no.	30-06-2023	31-12-2022
<b>Non-current assets</b>			
Property, plant and equipment		67,033	67,945
Investment property		9,379	9,615
Intangible assets		2,767	2,479
Right-of-use assets		34,464	32,360
Goodwill	2.5.1.	31,172	31,172
Investments in subordinates		6,140	4,440
Retentions on construction contracts		33,289	21,714
Deferred tax assets	2.1.7.	17,059	18,784
Advanced loans		4,117	2,931
<b>Total non-current assets</b>		<b>205,420</b>	<b>191,440</b>
<b>Current assets</b>			
Inventories		49,903	61,408
Trade and other receivables	2.3.1.	157,889	159,699
Valuation of long-term construction contracts	2.2.1.	133,883	119,207
Retentions on construction contracts		15,886	15,563
Advance payments		11,108	12,341
Current tax assets		0	0
Advanced loans		5,640	4,736
Other assets		1,509	1,164
Cash and cash equivalents		28,940	60,256
<b>Total current assets</b>		<b>404,758</b>	<b>434,374</b>
<b>Total assets</b>		<b>610,178</b>	<b>625,814</b>

EQUITY AND LIABILITIES	Note no.	30-06-2023	31-12-2022
<b>Equity</b>			
Share capital		5,758	5,758
Share premium account		93,837	93,837
Treasury shares		-2,690	-2,690
Retained earnings		78,613	75,803
<b>Total equity</b>		<b>175,518</b>	<b>172,708</b>
<b>Non-current liabilities</b>			
Long-term loans and bank credits	2.4.1.	9,130	8,696
Long-term lease liabilities	2.4.2.	13,128	12,563
Retentions on construction contracts		13,811	15,376
Liabilities under employee benefits		1,740	1,628
Long-term provisions	2.2.2.	16,477	15,093
<b>Total non-current liabilities</b>		<b>54,286</b>	<b>53,356</b>
<b>Current liabilities</b>			
Trade and other payables	2.3.2.	140,724	130,625
Accrued liabilities	2.2.4.	94,188	85,586
Valuation of long-term construction contracts	2.2.1.	17,268	47,453
Retentions on construction contracts		22,415	19,916
Advance payments		26,499	30,191
Short-term loans and bank credits	2.4.1.	15,870	16,304
Short-term lease liabilities	2.4.2.	4,482	4,995
Other financial liabilities		1,630	36
Liabilities under employee benefits		45,971	47,343
Current tax liabilities	2.1.7.	0	12
Short-term provisions	2.2.2.	11,327	17,289
<b>Total current liabilities</b>		<b>380,374</b>	<b>399,750</b>
<b>Total liabilities</b>		<b>434,660</b>	<b>453,106</b>
<b>Total equity and liabilities</b>		<b>610,178</b>	<b>625,814</b>



## Separate statement of changes in equity

	Share capital	Share premium account	Treasury shares	Retained earnings	Total equity
<b>Balance at 1 January 2023</b>	<b>5,758</b>	<b>93,837</b>	<b>-2,690</b>	<b>75,803</b>	<b>172,708</b>
Dividend	0	0	0	-1,594	-1,594
Issue of shares	0	0	0	0	0
Issue costs	0	0	0	0	0
Buy-back of shares	0	0	0	0	0
Profit (loss)	0	0	0	4,509	4,509
Other net comprehensive income	0	0	0	-105	-105
<b>Total changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,810</b>	<b>2,810</b>
<b>Balance at 30 June 2023</b>	<b>5,758</b>	<b>93,837</b>	<b>-2,690</b>	<b>78,613</b>	<b>175,518</b>

	Share capital	Share premium account	Treasury shares	Retained earnings	Total equity
<b>Balance at 1 January 2022</b>	<b>5,758</b>	<b>93,837</b>	<b>-2,690</b>	<b>68,765</b>	<b>165,670</b>
Dividend	0	0	0	-3,415	-3,415
Issue of shares	0	0	0	0	0
Issue costs	0	0	0	0	0
Buy-back of shares	0	0	0	0	0
Profit (loss)	0	0	0	8,038	8,038
Other net comprehensive income	0	0	0	419	419
<b>Total changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,042</b>	<b>5,042</b>
<b>Balance at 30 June 2022</b>	<b>5,758</b>	<b>93,837</b>	<b>-2,690</b>	<b>73,807</b>	<b>170,712</b>

	Share capital	Share premium account	Treasury shares	Retained earnings	Total equity
<b>Balance at 1 January 2022</b>	<b>5,758</b>	<b>93,837</b>	<b>-2,690</b>	<b>68,765</b>	<b>165,670</b>
Dividend	0	0	0	-3,415	-3,415
Issue of shares	0	0	0	0	0
Issue costs	0	0	0	0	0
Buy-back of shares	0	0	0	0	0
Profit (loss)	0	0	0	10,241	10,241
Other net comprehensive income	0	0	0	212	212
<b>Total changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,038</b>	<b>7,038</b>
<b>Balance at 31 December 2022</b>	<b>5,758</b>	<b>93,837</b>	<b>-2,690</b>	<b>75,803</b>	<b>172,708</b>

## Separate statement of cash flows

	6 months ended 30-06-2023	6 months ended 30-06-2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before tax	6,272	9,809
Adjustments for:		
Depreciation and amortisation	6,835	6,619
Foreign exchange gains / (losses)	18	-25
Interest and share in profit (dividends)	-1,133	-341
Gain / (loss) on disposal of investments	-1,424	-720
<b>Operating profit (loss) before changes in working capital</b>	<b>10,568</b>	<b>15,342</b>
Change in receivables and retentions on construction contracts	-10,087	11,694
Change in inventories	11,505	-35,836
Change in provisions and liabilities under employee benefits	-5,969	7,150
Change in payables and retentions on construction contracts	10,455	-56,046
Change in valuation of construction contracts	-44,861	-17,356
Change in accruals	8,601	5,548
Change in advance payments	-2,460	32,438
Change in other assets	-343	-627
Income tax paid / (tax refund)	-26	-1,098
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>-22,617</b>	<b>-38,791</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of property, plant and equipment and intangible assets	2,036	1,063
Purchase of property, plant and equipment and intangible assets	-4,456	-2,240
Advanced loans	-2,640	0
Repayment of advanced loans	36	22
Dividends received	399	0
Interest received	569	939
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>-4,056</b>	<b>-216</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans and bank credits received	5,000	0
Repayment of loans and bank credits	-5,000	-4,443
Decrease in lease liabilities	-3,377	-3,773
Lease interest paid	-829	-603
Other interest paid	-419	-68
Other financial income / (expenses) – dividends	0	-3,415
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-4,625</b>	<b>-12,302</b>
<b>TOTAL NET CASH FLOWS</b>	<b>-31,298</b>	<b>-51,309</b>
Net foreign exchange differences	-18	25
<b>TOTAL NET CASH FLOWS NET OF FOREIGN EXCHANGE DIFFERENCES</b>	<b>-31,316</b>	<b>-51,284</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>60,256</b>	<b>106,612</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, including:</b>	<b>28,940</b>	<b>55,328</b>
- of limited availability	7,208	23,001

## Notes to the condensed separate financial statements of ZUE

### 1. General information

#### 1.1. Core business of ZUE

ZUE's core business did not change.

#### 1.2. Functional and reporting currency

These financial statements have been prepared in Polish zlotys (PLN). Polish zloty is the Company's functional and reporting currency. The data in the financial statements has been disclosed in thousands of Polish zlotys, unless specific circumstances require greater details.

## 2. Financial information

### 2.1. Notes to the statement of comprehensive income

#### 2.1.1. Revenue

	Period ended 30-06-2023	Period ended 30-06-2022
Revenue from construction contracts	473,285	324,091
Revenue from the provision of services	6,902	5,486
Revenue from the sale of goods, raw and other materials	11,708	4,443
<b>Total</b>	<b>491,895</b>	<b>334,020</b>

Revenue from construction activities is recognised by the Company in the item Revenue from construction contracts. The revenue is earned under the contracts accounted for on the basis of consumed time and expenditures. The services provided under construction contracts are delivered directly to customers after specific tasks have been completed.

In the reporting period, the Company provided its services in Poland and abroad. Revenue from construction contracts includes PLN 3,147 thousand relating to the contracts performed in Romania. The Company also earned the revenue of PLN 266 thousand from the sale of services to Latvia.

The biggest portion of the Company's revenue was derived from long-term construction contracts. The entire revenue is presented by the Company in one reporting segment: construction activity.

#### Concentration of revenue exceeding 10% of total sales revenue

	Period ended	
	30-06-2023	30-06-2022
Counterparty A	185,956	183,872
Counterparty B		45,185
Counterparty C	64,177	

#### 2.1.2. Operating expenses

	Period ended 30-06-2023	Period ended 30-06-2022
Change in products	-205	-1,830
Depreciation and amortization	6,835	6,619
Consumption of materials and energy, including:	119,101	70,417
- consumption of materials	112,613	65,055
- consumption of energy	6,488	5,362
Contracted services	279,432	179,074
Costs of employee benefits	65,363	62,761
Taxes and charges	1,132	830
Other expenses	6,321	6,868
Value of goods and materials sold	11,006	3,146
<b>Total</b>	<b>488,985</b>	<b>327,885</b>

	Period ended 30-06-2023	Period ended 30-06-2022
Cost of sales	477,774	318,088
General and administrative expenses	11,211	9,797
<b>Total</b>	<b>488,985</b>	<b>327,885</b>

The year-on-year increase in general and administrative expenses in the first half of 2023 results, *inter alia*, from higher consultancy fees charged in connection with a change of the law and disclosure requirements for public companies, the purchase of software and hardware as well as higher costs of the business activity. However, the ratio of general and administrative expenses to revenue is as intended by the Management Board of ZUE; i.e. it does not exceed 3%.

#### Depreciation and amortisation

	Period ended 30-06-2023	Period ended 30-06-2022
Depreciation of property, plant and equipment	4,718	4,711
Depreciation of right-of-use assets	1,554	1,416
Amortisation of intangible assets	303	299
Depreciation of investments in real property	260	193
<b>Total</b>	<b>6,835</b>	<b>6,619</b>

#### 2.1.3. Other operating income

	Period ended 30-06-2023	Period ended 30-06-2022
<b>Gain on disposal of assets:</b>	<b>1,424</b>	<b>720</b>
Gain on disposal of non-current assets	1,424	720
<b>Other operating income:</b>	<b>428</b>	<b>490</b>
Damages and penalties	132	14
Release of allowances for receivables	7	49
Refund of the costs of court proceedings	48	201
Substitute performance	162	209
Subsidies	9	0
Other	70	17
<b>Total</b>	<b>1,852</b>	<b>1,210</b>

#### 2.1.4. Other operating expenses

	Period ended 30-06-2023	Period ended 30-06-2022
<b>Loss on disposal of assets:</b>	<b>0</b>	<b>0</b>
Loss on disposal of non-current assets	0	0
<b>Other operating expenses:</b>	<b>274</b>	<b>808</b>
Donations	24	28
Allowances for receivables	0	5
Costs of litigations	86	533
Substitute performance	162	209
Other	2	33

<b>Total</b>	<b>274</b>	<b>808</b>
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#### 2.1.5. Financial income

	Period ended 30-06-2023	Period ended 30-06-2022
<b>Interest income:</b>	<b>846</b>	<b>1,111</b>
Interest on bank deposits	659	977
Interest on loans	181	134
Interest on receivables	6	0
<b>Other financial income:</b>	<b>2,855</b>	<b>2,825</b>
Dividend income	2,099	0
Discount of long-term items	545	2,672
Guarantees	174	153
Other	37	0
<b>Total</b>	<b>3,701</b>	<b>3,936</b>

#### 2.1.6. Financial expenses

	Period ended 30-06-2023	Period ended 30-06-2022
<b>Interest expenses:</b>	<b>1,027</b>	<b>624</b>
Interest on credits	9	0
Interest on loans	410	68
Interest on leases	602	530
Interest on trade and other payables	6	26
<b>Other financial expenses:</b>	<b>890</b>	<b>40</b>
Foreign exchange losses	331	40
Expenses relating to share in profit of legal persons	559	0
<b>Total</b>	<b>1,917</b>	<b>664</b>

#### 2.1.7. Corporate income tax

##### Corporate income tax recognised in the statement of comprehensive income

	Period ended 30-06-2023	Period ended 30-06-2022
Current income tax	14	0
Deferred tax	1,749	1,771
<b>Total tax expense (income)</b>	<b>1,763</b>	<b>1,771</b>

##### Current income tax

	Period ended 30-06-2023	Period ended 30-06-2022
<b>Gross profit (loss)</b>	<b>6,272</b>	<b>9,809</b>
<b>Difference between gross profit (loss) and income tax base:</b>	<b>-39,384</b>	<b>-11,555</b>
- differences between gross profit and taxable income resulting from costs that are not tax-deductible under tax regulations and revenue not classified as revenue under tax regulations and additional costs and revenue	-39,384	-11,555
- other differences (including loss brought forward)	0	0

<b>Income/Loss</b>	<b>-33,112</b>	<b>-1,746</b>
Income tax base	74	0
Income tax at the applicable rate of 19%	14	0
<b>Current income tax</b>	<b>14</b>	<b>0</b>

#### Income tax according to effective tax rate

	Period ended 30-06-2023	Period ended 30-06-2022
<b>Gross profit (loss)</b>	<b>6,272</b>	<b>9,809</b>
Income tax at the applicable rate of 19%	1,192	1,864
<b>Effect of tax recognition of:</b>	<b>-7,483</b>	<b>-2,196</b>
- Use of tax losses brought forward	0	0
- Costs that are not tax-deductible under tax regulations	2,246	5,103
- Revenue not classified as revenue under tax regulations	9,457	4,207
- Tax-deductible expenses not classified as balance sheet expenses	114	3,109
- Taxable revenue not classified as balance sheet revenue	-158	17
Revaluation of deferred tax assets (current year loss)	6,291	332
Deferred tax	1,749	1,771
Other adjustments	14	0
<b>Income tax according to effective tax rate</b>	<b>1,763</b>	<b>1,771</b>
Effective tax rate	28%	18%

#### Current tax assets and liabilities

	Balance at 30-06-2023	Balance at 31-12-2022
<b>Current tax assets</b>		
Tax refundable	0	0
<b>Current tax liabilities</b>		
Tax payable	0	12



## Deferred tax

	Period ended 30-06-2023	Period ended 30-06-2022
Deferred tax balance at the beginning of the period	18,783	21,606
Temporary differences relating to deferred tax assets:	52,341	49,142
Provisions for expenses and accruals	30,375	27,567
Discount of receivables	574	497
Operating lease liabilities	3,304	2,928
Write-downs	541	576
Bonds and insurances accounted for over time	1,613	1,989
Tax work in progress	12,611	8,778
Valuation of long-term contracts	3,281	6,261
Other	42	546
Temporary differences relating to deferred tax liabilities:	41,572	34,143
Valuation of long-term contracts	25,438	18,851
Difference between the carrying and tax amount of property, plant and equipment and intangible assets	13,365	13,326
Discount of payables	2,769	1,966
Unutilised tax losses and other tax credits carried forward:	6,290	4,737
Tax losses	6,290	4,737
Total temporary differences relating to deferred tax assets:	58,631	53,879
Total temporary differences relating to deferred tax liabilities:	41,572	34,143
Deferred tax balance at the end of the period	17,059	19,736
Change in deferred tax, including:	-1,724	-1,870
- recognised in income	-1,749	-1,771
- recognised in equity	25	-99

Deferred tax recognised in equity results from the calculation of tax on actuarial gains/losses presented in other comprehensive income.

### 2.1.8. Operating segments

ZUE's reporting is based on operating segments. The Company analyses the areas of activity based on the aggregation rules under IFRS 8.12 and identifies one aggregate reporting segment, namely construction activity.

The Company is organised and managed within the abovementioned segment. The Company applies a uniform accounting policy to all operating areas within the segment of engineering construction and assembly services.

## 2.2. Contracts, provisions, write-downs and accrued liabilities

### 2.2.1. Construction contracts

	30-06-2023	31-12-2022
<b>Assets (selected items)</b>	<b>244,069</b>	<b>230,233</b>
- Valuation of long-term construction contracts	133,883	119,207
- Advance payments made in connection with performed contracts	11,108	12,341
- Retentions on construction contracts retained by customers	49,175	37,277
- Inventories	49,903	61,408

<b>Liabilities (selected items)</b>	<b>200,759</b>	<b>228,273</b>
- Valuation of long-term construction contracts	17,268	47,453
- Provisions for contract costs	92,962	82,955
- Advance payments received in connection with performed contracts	26,499	30,191
- Retentions on construction contracts retained for suppliers	36,226	35,292
- Provisions for warranty claims	18,389	17,404
- Provisions for expected losses on contracts	9,415	14,978

## 2.2.2. Provisions

### Change in provisions

Provisions	01-01-2023	Created	Used	Released	Reclassified	30-06-2023	Item
<b>Long-term provisions:</b>	<b>16,721</b>	<b>1,616</b>	<b>627</b>	<b>-727</b>	<b>-220</b>	<b>18,217</b>	
Provisions for employee benefits	1,628	115	0	3	0	1,740	Liabilities under employee benefits (long-term)
Provisions for warranty claims	15,093	1,501	627	-730	-220	16,477	Long-term provisions
Other provisions	0	0	0	0	0	0	Long-term provisions
<b>Short-term provisions:</b>	<b>53,439</b>	<b>15,008</b>	<b>13,613</b>	<b>9,650</b>	<b>220</b>	<b>45,404</b>	
Provisions for employee benefits	36,150	12,208	12,994	1,287	0	34,077	Liabilities under employee benefits (short-term)
Provisions for warranty claims	2,311	311	619	311	220	1,912	Short-term provisions
Provision for loss on contracts	14,978	2,489	0	8,052	0	9,415	Short-term provisions
Other provisions	0	0	0	0	0	0	Short-term provisions
<b>Total provisions:</b>	<b>70,160</b>	<b>16,624</b>	<b>14,240</b>	<b>8,923</b>	<b>0</b>	<b>63,621</b>	

A provision for warranty claims is made for the construction contracts in respect of which warranty has been given by the Company depending on the amount of revenues. The amount of provisions may decrease or increase on the basis of inspections of construction works carried out in subsequent years of warranty.

The release of provisions for expected losses on contracts results from the greater progress of works under the contracts. Greater progress of works entails the costs. With the greater progress of works on the projects with loss, a provision for losses is successively released.

### Comparative information:

Provisions	01-01-2022	Created	Used	Released	Reclassified	31-12-2022	Item
<b>Long-term provisions:</b>	<b>17,916</b>	<b>3,060</b>	<b>122</b>	<b>3,475</b>	<b>-658</b>	<b>16,721</b>	
Provisions for employee benefits	1,789	357	0	518	0	1,628	Liabilities under employee benefits (long-term)

Provisions for warranty claims	16,127	2,703	122	2,957	-658	15,093	Long-term provisions
Other provisions	0	0	0	0	0	0	Long-term provisions
<b>Short-term provisions:</b>	<b>47,640</b>	<b>40,771</b>	<b>19,908</b>	<b>15,722</b>	<b>658</b>	<b>53,439</b>	
Provisions for employee benefits	30,390	29,505	19,120	4,625	0	36,150	Liabilities under employee benefits (short-term)
Provisions for warranty claims	2,441	691	788	691	658	2,311	Short-term provisions
Provision for loss on contracts	14,809	10,575	0	10,406	0	14,978	Short-term provisions
Other provisions	0	0	0	0	0	0	Short-term provisions
<b>Total provisions:</b>	<b>65,556</b>	<b>43,831</b>	<b>20,030</b>	<b>19,197</b>	<b>0</b>	<b>70,160</b>	

### 2.2.3. Write-downs and allowances

#### Change in write-downs and allowances

Write-downs and allowances	01-01-2023	Creation	Use	Release	30-06-2023
<b>Write-downs and allowances:</b>	<b>43,555</b>	<b>179</b>	<b>0</b>	<b>3,515</b>	<b>40,219</b>
Write-downs of property, plant and equipment	0	0	0	0	0
Write-downs of right-of-use assets	0	0	0	0	0
Write-downs of investment property	770	0	0	0	770
Write-downs of inventories	0	0	0	0	0
Allowances for trade receivables in connection with the increase of credit risk	31,467	179	0	3,479	28,167
Allowances for trade receivables for expected credit losses	250	0	0	0	250
Write-downs of retentions	11	0	0	0	11
Write-downs of advance payments	43	0	0	0	43
Write-downs of shares	9,013	0	0	0	9,013
Write-downs of loans	2,001	0	0	36	1,965
<b>Total:</b>	<b>43,555</b>	<b>179</b>	<b>0</b>	<b>3,515</b>	<b>40,219</b>

Allowances for trade receivables of PLN 28.1m include:

- Debit notes issued by the Company in the past years for penalties, damages and substitute performance of PLN 26.3m. The amount is for presentation purposes only because the notes are not the Company's revenue at the date of issue.
- Receivables under court and enforcement cases of PLN 1.1m from prior years.
- Doubtful debt of PLN 0.7m from prior years.

## Changes in loss allowances on receivables

Change in allowances for trade receivables influencing the profit or loss includes the release of allowances of PLN 7 thousand and the creation of allowances of PLN 7 thousand. The remaining balance is for presentation purposes only and results, *inter alia*, from the debit notes issued by the Company's for the penalties and damages that are not the Company's revenue at the date of issue.

### Comparative information:

Write-downs and allowances	01-01-2022	Creation	Use	Release	31-12-2022
<b>Write-downs and allowances:</b>	<b>38,089</b>	<b>22,709</b>	<b>2,269</b>	<b>14,974</b>	<b>43,555</b>
Write-downs of property, plant and equipment	0	0	0	0	0
Write-downs of right-of-use assets	0	0	0	0	0
Write-downs of investment property	770	0	0	0	770
Write-downs of inventories	0	0	0	0	0
Allowances for trade receivables in connection with the increase of credit risk	27,557	20,925	2,269	14,746	31,467
Allowances for trade receivables for expected credit losses	430	0	0	180	250
Write-downs of retentions	11	0	0	0	11
Write-downs of advance payments	43	0	0	0	43
Write-downs of shares	8,993	20	0	0	9,013
Write-downs of loans	285	1,764	0	48	2,001
<b>Total:</b>	<b>38,089</b>	<b>22,709</b>	<b>2,269</b>	<b>14,974</b>	<b>43,555</b>

### 2.2.4. Accrued liabilities

	Balance at 30-06-2023	Balance at 31-12-2022
Provisions for contract costs	92,262	82,955
Other accrued liabilities	1,226	2,631
<b>Total</b>	<b>94,188</b>	<b>85,586</b>

## 2.3. Trade and other receivables and payables

### 2.3.1. Trade and other receivables

	30-06-2023	31-12-2022
Trade receivables	176,341	187,283
Allowances for trade receivables in connection with the increase of credit risk	-28,167	-31,467
Allowance for trade receivables for expected credit losses	-250	-250
Receivables from the government budget other than corporate income tax	5,457	0
Other receivables	4,508	4,133
<b>Total trade and other receivables</b>	<b>157,889</b>	<b>159,699</b>

Other receivables include the security created in connection with the financing agreement of PLN 4,000 thousand.

### Concentration of (gross) trade receivables that exceed 10% of total receivables

	30-06-2023	31-12-2022
Counterparty A	46,376	77,301
Counterparty B	26,771	21,601

Counterparty C	23,803	
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The concentration of credit risk is limited due to the fact that the creditability of the abovementioned Counterparty A assessed, *inter alia*, by analysing their financial standing, is high and the fact that the said Counterparty meets additional requirements concerning the settlement of the EU funds. The Group has carried out the construction contracts for the Counterparty A for many years. The Counterparty A is co-owned by the State Treasury as a result of which their creditability is even higher. Accordingly, the Management Board of ZUE believe there is no need to create additional provisions.

### 2.3.2. Trade and other payables

	30-06-2023	31-12-2022
Trade payables	138,718	118,606
Liabilities to the government budget other than corporate income tax	1,695	11,729
Other payables	311	290
<b>Total trade and other payables</b>	<b>140,724</b>	<b>130,625</b>

## 2.4. Loans, bank credits, leases and management of capital

### 2.4.1. Loans and bank credits

	30-06-2023	31-12-2022
<b>Long-term</b>	<b>9,130</b>	<b>8,696</b>
Bank credits	0	0
Loans received	9,130	8,696
<b>Short-term</b>	<b>15,870</b>	<b>16,304</b>
Bank credits	0	0
Loans received	15,870	16,304
<b>Total</b>	<b>25,000</b>	<b>25,000</b>

### Summary of loan and credit agreements as at 30 June 2023

No.	Bank	Description	Principal/limit according to the agreement as at 30-06-2023	Amount of available loans/credits as at 30-06-2023	Use as at 30-06-2023	Interest	Repayment date
1	mBank S.A.	Overdraft	10,000	10,000	0	ON WIBOR + margin	July 2024
2	mBank S.A. (i)	Master agreement	25,000		4,756	1M WIBOR + margin	June 2024
	including:	sublimit for bonds	25,000	20,244	4,756		
		non-revolving working capital credit	25,000	20,244	0		
3	Alior Bank S.A.	Multicurrency credit limit agreement	30,000		3,644	1M WIBOR + margin	
	including:	sublimit for bonds	30,000	26,356	3,644		June 2024

		overdraft	1,500	1,500	0		June 2025
4	Agencja Rozwoju Przemysłu S.A.	Loan agreement	25,000	0	25 000	1M WIBOR + margin	August 2025
5	Alior Bank S.A.	Revolving credit account agreement	40,000	40,000	0	1M WIBOR + margin	June 2025
	<b>Total amount of available loans and credits</b>			<b>71,744</b>			
	<b>Total debt under loans and credits</b>				<b>25,000</b>		
	<b>Total use for bonds</b>				<b>8,400</b>		

(i) ZUE is able to use the limit for both working capital credit and bank bonds. The current use concerns the bonds.

Types of security and liabilities under credit agreements:

1. Overdraft:

- Financial pledge on cash kept on customer's bank accounts maintained by the Bank;
- Registered pledge on non-current assets – machinery and equipment owned by the Company;
- Statement on submission to enforcement;
- Assignment of rights under insurance policy.

2. Master agreement:

- Contractual joint mortgage up to PLN 35,420 thousand on the plot in Cracow;
- Security deposit established each time for the bonds expiring after 36 months;
- Financial pledge on cash kept on customer's bank accounts maintained by the Bank;
- Registered pledge on non-current assets – machinery and equipment owned by the Company;
- Statement on submission to enforcement;
- Assignment of rights under insurance policy.

3. Multicurrency credit limit agreement:

- Promissory note with declaration;
- Assignment of receivables under contracts;
- Statement on submission to enforcement;
- Power of attorney to the bank account.

4. Loan agreement:

- Contractual joint mortgage up to PLN 45,000 thousand on the plot in Poznań;
- Assignment of receivables under contracts;
- Registered pledge on non-current assets – machinery and equipment owned by the Company;
- Statement on submission to enforcement;
- Assignment of rights under insurance policy.

5. Revolving credit account agreement:

- Power of attorney to the bank account;
- Promissory note with declaration;
- Guarantee under the Crisis Guarantee Fund;
- Statement on submission to enforcement.

The following amendments to particular credit agreements signed by the Company were made in the reporting period:

- mBank – Overdraft (item 1) – an annex was signed by the Company on 29 June 2023 whereby the repayment date was extended by one year;
- mBank – Master Agreement (item 2) – an annex was signed by the Company on 31 May 2023 whereby the repayment date was extended by one year;
- Alior Bank – Multicurrency Credit Limit Agreement (item 3) – on 26 June 2023, the Company signed an annex whereby the repayment date was extended by one year for the guarantee limit and by two years for the overdraft. In addition, the amount of the overdraft was set as PLN 1.5m. The limit is revolving;
- Alior Bank - Revolving credit account agreement (item 5) – on 28 June 2023, the Company signed the credit account agreement. The Company may use the credit limit to finance day-to-day operations, including the financing of the construction contracts carried out in Romania. The tenor was set until 27 June 2025.

The following amendments were made after the end of the reporting period:

- Agencja Rozwoju Przemysłu – Loan Agreement (item 4) – the Annex no. 1 to the Loan Agreement was signed by the Company on 19 July 2023 whereby the loan was changed to Revolving Loan Limit.

Comparative information:

No.	Bank	Description	Principal/limit according to the agreement as at 31-12-2022	Amount of available loans/credits as at 31-12-2022	Use as at 31-12-2022	Interest	Repayment date
1	mBank S.A.	Overdraft	10,000	10,000	0	ON WIBOR + margin	July 2023
2	mBank S.A. (i)	Master agreement	25,000		11,770	1M WIBOR + margin	May 2023
	including:	sublimit for bonds	25,000	13,230	11,770		
		non-revolving working capital credit	25,000	13,230	0		
3	Alior Bank S.A.	Multicurrency credit limit agreement	30,000		0	1M WIBOR + margin	June 2023
	including:	sublimit for bonds	30,000	30,000	0		
		overdraft	2,000	2,000	0		
4	Agencja Rozwoju Przemysłu S.A.	Loan agreement	30,000	5,000	25,000	1M WIBOR + margin	August 2025
	<b>Total amount of available loans and credits</b>			<b>30,230</b>			
	<b>Total debt under loans and credits</b>				<b>25,000</b>		
	<b>Total use for bonds</b>				<b>11,770</b>		

- (i) ZUE is able to use the limit for both working capital credit and bank bonds.

## 2.4.2. Leases

### Lease liabilities

	30-06-2023	31-12-2022
Long-term lease liabilities	13,128	12,563
Short-term lease liabilities	4,482	4,995
<b>Total</b>	<b>17,610</b>	<b>17,558</b>

No leaseback agreements were signed by the Company in the reporting period.

Lease contracts in the total amount of PLN 3,699 thousand were concluded by the Company in the reporting period.

## 2.5. Other notes to the financial statements

### 2.5.1. Goodwill

At cost	30-06-2023	31-12-2022
Goodwill of PRK	31,172	31,172
<b>Balance at the end of the reporting period</b>	<b>31,172</b>	<b>31,172</b>

ZUE merged with PRK on 20 December 2013. The control of PRK was gained by ZUE in 2010.

The goodwill of PLN 31,172 thousand and the leasehold (difference in the fair value of the net assets at acquisition) of PLN 15,956 thousand (adjusted for a deferred tax asset) disclosed in the separate financial statements at the merger date were calculated as at the date of taking control of PRK by ZUE in 2010 and follow from the consolidated financial statements. Changes in interests resulting from the merger were accounted for as changes in equity.

ZUE and PRK merged under joint control.

The goodwill is assigned in full to the construction segment.

### Goodwill impairment test

After it had considered external circumstances influencing a long-term market capitalization of the Company below the carrying amount, the Company carried out the tests for the impairment of assets. The impairment tests carried out as at 31 December 2022 according to IAS 36 *Impairment of Assets* revealed no indication of impairment of the carrying amount of the Company's assets. As at 30 June 2023, the Company reviewed the assumptions used to carry out the test and decided that they were still up to date. Accordingly, there is no impairment of goodwill at the end of the reporting period. The Company intends to carry out the test at the end of the year.

### 2.5.2. Purchase and sale of property, plant and equipment and intangible assets

The total capital expenditures disclosed in the reporting period in the statement of cash flows amounted to PLN 4,456 thousand.

As at 30 June 2023, net liabilities incurred to purchase property, plant and equipment amounted to PLN 706 thousand.

As at 30 June 2022, net liabilities incurred to purchase property, plant and equipment amounted to PLN 511 thousand.

Major investments in property, plant and equipment and intangible assets made by the Company in the reporting period included:

- Complete overhauls of vehicles (mainly wagons) – PLN 1,415 thousand;
- Complete overhaul of tamping machine – PLN 1,166 thousand;
- Purchase of discharge conveyors – PLN 384 thousand;
- Purchase of cars – PLN 245 thousand;



- Purchase of storage containers – PLN 41 thousand.

In the first half of 2023, the Company sold the property, plant and equipment and intangible assets with the total net carrying amount of PLN 614 thousand. In the first half of 2022, the Company sold the property, plant and equipment and intangible assets with the total net carrying amount of PLN 327 thousand.

### 2.5.3. Financial instruments

The following table sets out the carrying amounts of the Company's financial instruments classified as particular classes and categories of assets and liabilities.

#### Balance at 30 June 2023

Classes of financial instruments	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost
Retentions on construction contracts (before discount)	52,208	0	0	0	43,016
Trade receivables	176,341	0	0	0	0
Other financial liabilities	0	0	0	0	1,630
Advanced loans	11,722	0	0	0	0
Cash and cash equivalents	0	28,940	0	0	0
Loans and bank credits	0	0	0	0	25,000
Lease liabilities	0	0	0	0	17,610
Trade payables	0	0	0	0	138,718
<b>Total</b>	<b>240,271</b>	<b>28,940</b>	<b>0</b>	<b>0</b>	<b>225,974</b>

No changes to the classification of financial instruments or shifts between individual levels of fair value occurred in the reporting period.

#### Balance at 31 December 2022

Classes of financial instruments	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost
Retentions on construction contracts (before discount)	40,472	0	0	0	41,879
Trade receivables	187,283	0	0	0	0
Other financial liabilities	0	0	0	0	36
Advanced loans	9,668	0	0	0	0
Cash and cash equivalents	0	60,256	0	0	0
Loans and bank credits	0	0	0	0	25,000
Lease liabilities	0	0	0	0	17,558
Trade payables	0	0	0	0	118,606
<b>Total</b>	<b>237,423</b>	<b>60,256</b>	<b>0</b>	<b>0</b>	<b>203,079</b>

No changes to the classification of financial instruments or shifts between individual levels of fair value occurred in the reporting period.

#### 2.5.4. Transactions with related parties

	Receivables		Payables	
	Balance at		Balance at	
	30-06-2023	31-12-2022	30-06-2023	31-12-2022
Railway gft	83	89	275	253
BPK Poznań	724	737	745	828
RTI	0	0	0	0
Energopol	116	4	330	1,775
Wiesław Nowak	0	0	0	0
<b>Total</b>	<b>923</b>	<b>830</b>	<b>1,350</b>	<b>2,856</b>

  

	Revenue		Purchases	
	Period ended		Period ended	
	30-06-2023	30-06-2022	30-06-2023	30-06-2022
Railway gft	290	1,695	9,504	6,397
BPK Poznań	274	254	488	747
RTI	2	2	0	0
Energopol	464	0	1,367	0
Wiesław Nowak	1	2	0	0
<b>Total</b>	<b>1,031</b>	<b>1,953</b>	<b>11,359</b>	<b>7,144</b>

  

	Advanced loans		Financial income (interest on loans)	
	Balance at		Period ended	
	30-06-2023	31-12-2022	30-06-2023	30-06-2022
Railway gft	3,000	3,000	135	113
BPK Poznań	0	550	21	20
RTI	0	0	0	0
Energopol	2,640	0	19	0
Wiesław Nowak	0	0	0	0
<b>Total</b>	<b>5,640</b>	<b>3,550</b>	<b>175</b>	<b>133</b>

In the reporting period, transactions were entered into between ZUE and the subsidiaries, and the related parties on arm's length terms.

The following sales transactions were entered into in the reporting period between ZUE and the related parties:

- Lease of rooms, including utilities and phone services;
- Financial services;
- Re invoicing of costs;
- Servicing and repair of vehicles;
- Lease of stacking yard; and
- Rental of cars.

The following purchase transactions were entered into in the reporting period between ZUE and the related parties:

- Purchase of materials used to build and repair tracks;
- Design services;
- Re invoicing of costs; and
- Construction services.

On 29 March 2023, ZUE and Railway gft signed an annex to the loan agreement of 11 June 2021 whereby the repayment date was extended until 31 May 2023.

On 29 March 2023, ZUE and Railway gft signed an annex to the loan agreement of 6 August 2020 whereby the repayment date was extended until 31 May 2023.

On 12 April 2023, the Ordinary Shareholders Meeting of Railway gft resolved to increase the share capital of Railway gft from PLN 1,000 thousand to PLN 3,000 thousand through the creation of 20,000 new shares with the nominal value of PLN 100 each. All the new shares with the total value of PLN 2,000 thousand were proportionally acquired by the existing shareholders. The increase was registered in the National Court Register. The Ordinary Shareholders Meeting of Railway gft also resolved to pay dividend to shareholders (PLN 399 thousand to ZUE). The dividend was paid on 26 April 2023.

On 9 May 2023, ZUE and Energopol signed the special-purpose loan agreement. The loan of PLN 500 thousand should be repaid by 30 April 2024. The loan was disbursed on the date of the agreement.

On 30 May 2023, ZUE and Railway gft signed an annex to the loan agreement of 11 June 2021 whereby the repayment date was extended until 30 September 2023.

On 30 May 2023, ZUE and Railway gft signed an annex to the loan agreement of 6 August 2020 whereby the repayment date was extended until 30 September 2023.

On 30 May 2023, ZUE and Energopol signed the special-purpose loan agreement. The loan of PLN 1,500 thousand should be repaid by 30 May 2024. The loan was disbursed on the date of the agreement.

On 7 June 2023, the Extraordinary Shareholders Meeting of BPK Poznań resolved to voluntarily redeem 11,185 shares and increase the share capital through the creation of 11,185 new shares with the total nominal value of PLN 559,250. All the new shares with the total value of PLN 559,250 were acquired in full by ZUE and paid up in full with the in-kind contribution PLN 559,250 through the set-off of ZUE's claims under the loan agreement.

On 23 June 2023, ZUE and Energopol signed the special-purpose loan agreement. The loan of PLN 640 thousand should be repaid by 20 June 2024. The loan was disbursed on 26 June 2023.

ZUE is the parent company of the Group and, if needed, it guarantees the subsidiaries' liabilities. Guarantees are additional security for credit agreements and bonds provided to subsidiaries. The total amount of the guarantees as at 30 June 2023 is PLN 30,907 thousand.

## Remuneration of key management personnel

No major changes to the remuneration of key management personnel occurred in the reporting period.

### 2.5.5. Major proceedings before court or arbitration or public administration authority at the date of preparation of this report

Court cases are discussed in detail in the Management Board Report on the activities of ZUE Capital Group for the first half of 2023.

Pending court proceedings did not have any material influence on these financial statements.

### 2.5.6. Tax settlements

Tax settlements and other areas of activity may be inspected by the administrative authorities authorised to impose harsh fines and penalties. The applicable laws are unclear and inconsistent because there are no references to established regulations in Poland. Common differences of opinions on legal interpretation of tax regulations both amongst state authorities and between state authorities and enterprises give rise to uncertainty and conflicts. Therefore, the tax risk in Poland is much higher than that in the countries with more mature tax system.

Tax settlements may be inspected within five years after the end of the year the tax was paid in. Additional tax liabilities may be imposed on the Company as a result of such inspections.

No significant or countable tax risks were recognised by the Company as at 30 June 2023 or 31 December 2022.

The inspection of CIT for 2018 commenced at the Company on 7 February 2022. The Company was provided with the inspection result after the end of the reporting period on 21 July 2023. The inspection revealed no irregularities to the settlement of CIT for 2018.

## 2.5.7. Contingent assets and contingent liabilities and security on property

### Contingent assets

	30-06-2023	31-12-2022
Bonds	98,012	92,018
Guarantees	1,200	0
Promissory notes	22,180	18,035
<b>Total</b>	<b>121,392</b>	<b>110,053</b>

Contingent assets in the form of bonds include the bonds provided by banks and insurance companies for the benefit of the Company to secure its claims relating to subcontracted construction services and the repayment of advances.

In addition, the Company received promissory notes from subcontractors to secure ZUE's claims against the subcontractors and the repayment of advances.

The subcontractor appointed by the Company to perform the construction contract voluntarily submitted to enforcement to secure the repayment of an advance made by the Company.

### Contingent liabilities and security on property

	30-06-2023	31-12-2022
Bonds	461,481	503,636
Guarantees	30,907	13,285
Promissory notes	270,795	235,467
Mortgages	171,529	171,529
Pledges	144,601	143,856
<b>Total</b>	<b>1,079,313</b>	<b>1,067,773</b>

Contingent liabilities in the form of bonds for the benefit of third parties include, in particular, bid bonds, performance bonds, defects liability bonds and advance payment bonds provided by insurance companies and banks to the Company's counterparties to secure their claims against the Company, mainly in connection with construction contracts and sales agreements. The insurance companies and the banks have recourse against the Company.

Contingent liabilities in the form of guarantees secure the bonds and credits provided to the Group companies by banks and insurance companies and guaranteed by ZUE as the Parent Company.

The liabilities to banks, lessors and strategic customers are secured by promissory notes.

Mortgages are additional security for the credit agreement with mBank S.A., the insurance agreement with PZU S.A. and InterRisk S.A., the guarantee limit agreement with PEKAO S.A. and the loan agreement with Agencja Rozwoju Przemysłu S.A.

Registered pledges were established to secure the agreements entered into with BNP Paribas Bank Polska S.A., PEKAO S.A., mBank S.A., CaixaBank and Agencja Rozwoju Przemysłu S.A. The pledged assets include wagons, pile driver, maintenance train, engine and ballast profiling machine.

There is also financial pledge over the borrower's bank accounts to secure the agreements between the Company and mBank S.A.

## 2.5.8. Liabilities incurred to purchase property, plant and equipment

There were no major agreements concerning capital expenditures on property, plant and equipment as at 30 June 2023 or 31 December 2022.

## 2.5.9. Discontinued operations

No operations were discontinued within the meaning of IFRS 5 in the reporting period or the comparative period.

#### 2.5.10. Seasonal and cyclical nature of the Company's operations

Construction and assembly operations are marked by the seasonality of production and sales. The topic has been discussed in detail in the note III 2.4 of the consolidated financial statements: Seasonal and cyclical nature of the Group's operations.

#### 2.5.11. Issue and redemption of debt and equity securities

No debt or equity securities were issued or redeemed by any company within the Company in the reporting period.

#### 2.5.12. Dividend

On 9 May 2023, the Management Board of ZUE passed the resolution on recommendations to the Company's Ordinary General Meeting for allocating the net profit for the financial year 2022 of PLN 10,241 thousand in the following manner:

- 1) The part of the net profit for the financial year 2022 of PLN 1,594 thousand should be paid as dividend (PLN 0.07 per share);
- 2) The residual net profit for the financial year 2022 of PLN 8,647 thousand should be allocated to reserve funds.

The Company's Supervisory Board gave a favourable opinion on the said proposal on 9 May 2023.

On 7 June 2023, the Ordinary General Meeting of ZUE S.A. passed the resolution on the distribution of the Company's profit for 2022 whereby the dividend for 2022 of PLN 0.07 per share would be paid to the Company's shareholders. Shareholders' right to the dividend was determined as at 18 July 2023. The date of the dividend payment was set for 3 August 2023. The dividend was paid according to the said resolution.

### 2.6. Other notes to the financial statements

#### 2.6.1. Use of the International Financial Reporting Standards

##### Statement of compliance

The condensed separate financial statements have been drawn up in accordance with IAS 34 as at 30 June 2023 as endorsed by the European Union.

The separate financial statements for the six months ended 30 June 2023 have been prepared according to the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and the conditions for recognizing information required under the law of a non-member state as equivalent.

##### Standards and interpretations used for the first time in the reporting period

The following amendments to the existing standards published by the International Accounting Standards Board and approved for use in the European Union come into force in 2023:

- **IFRS 17 "Insurance Contracts" and amendments to IFRS 17** (effective for annual periods beginning on or after 1 January 2023 with earlier application permitted);
- **Amendments to IAS 1 "Presentation of Financial Statements" and guidelines of the IFRS Board on disclosures of accounting policies** – disclosure of material accounting policy information (effective for annual periods beginning on or after 1 January 2023 with earlier application permitted);
- **Amendments to IAS 8 "Accounting Principles (Policies), Changes in Accounting Estimates and Errors"** – definition of estimates (effective for annual periods beginning on or after 1 January 2023 with earlier application permitted);
- **Amendments to IAS 12 "Income Taxes"** – deferred tax related to assets and liabilities on particular transactions (effective for 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 (effective for annual periods beginning on or after 1 January 2023).

According to the Company, the abovementioned standards or amendments to the standards do not have any material influence on the separate financial statements of ZUE.

## Standards and interpretations published and endorsed by the EU but not yet effective

Standards and interpretations published and approved for use in the EU but not yet effective at the date of approval of the financial statements:

- **Amendments to IFRS 16 "Leases" – Lease Liability in Sale and Leaseback** (effective for annual periods beginning on or after 1 January 2024);
- **Amendments to IAS 1 "Presentation of Financial Statements: – Classification of Liabilities as Current or Non-Current"** (effective for annual periods beginning on or after 1 January 2024 with earlier application permitted).

## Standards and interpretations adopted by the IASB but not yet endorsed by the EU

Amendments to the existing standards or the new standards published by the International Accounting Standards Board (IASB) and not yet endorsed by the EU:

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016), not endorsed by the EU;
- **Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"** (the effective date has been deferred by the IASB indefinitely).

According to the Company, the abovementioned standards or amendments to the standards will not have any material influence on the separate financial statements of ZUE.

### 2.6.2. Important accounting principles

#### 2.6.2.1. Going concern

The separate financial statements have been prepared assuming that the Company will continue in operational existence for at least 12 months after the end of the reporting period. The most important factor influencing the Company's ability to continue in operational existence is the financial condition of ZUE. The key factors with an impact on the Company's ability to continue its operations include liquidity, proper backlog and market situation.

In the 6 months ended 30 June 2023, the Company recognised the sales revenue of PLN 491.9m and the gross profit on sales of PLN 14.1m. As at 30 June 2023, the Company presented the total current assets of PLN 404.8m, including trade and other receivables of PLN 157.9m and the cash of approx. PLN 28.9m. At the end of the reporting period, ZUE had the backlog worth approximately PLN 1,374m and was in the process of winning new contracts.

Therefore, the Management Board of the Company state that there are no significant going concern risks at the date of preparation of this report, no economic circumstances have occurred or no strategic decisions have been made, and these financial statements have been prepared assuming that ZUE will continue in operational existence in the foreseeable future.

#### 2.6.2.2. Preparation basis

The Company has prepared these half-yearly separate financial statements according to the regulations set out in IAS 34 "Interim Financial Reporting" and applied the same principles for the current and comparative period.

#### 2.6.2.3. Comparability of financial data

No changes in the presentation of financial information have been made in the comparative periods.

#### 2.6.2.4. Applied accounting principles

These half-yearly separate financial statements for the six months ended 30 June 2023 have been prepared according to the same accounting principles and measurement methods as those applied in the last annual financial statements of the Company as at 31 December 2022. The financial statements for the financial year ended 31 December 2022 contain a detailed description of the accounting principles adopted by the Company.

These half-yearly separate financial statements do not contain all the information or disclosures required in the case of annual financial statements and they should be read together with the annual financial statements of ZUE.

### 2.6.3. Sources of estimation uncertainty

The preparation of financial statements in conformity with the IFRS requires the Management Board of the Company to make judgments, estimates and assumptions that affect the adopted principles and reported assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates relate, *inter alia*, to:

Impairment of goodwill (note no. 2.5.1.)

Useful economic lives of non-current assets

Loss allowances for receivables (note no. 2.2.3.)

Provisions (note no. 2.2.2.)

Valuation of long-term construction contracts (note no. 2.2.1.)

Deferred income tax (note no. 2.1.7.)

Contingent assets and contingent liabilities and security on property (note no. 2.5.7.)

Uncertainty over tax settlements (note no. 2.5.6.)

Revisions to estimates occurred in the reporting period with reference to construction contracts accounted for using percentage-of-completion method – the revision was influenced by the review of the construction contract budgets, which entailed a change in the planned income and expenses relating to the performed contracts. The said revisions did not have any material influence on the Company's performance in the reporting period.

### 3. Approval of the condensed consolidated and separate financial statements

These condensed consolidated and separate financial statements for the six months ended 30 June 2023 were approved for publication by the Management Board of ZUE on 22 August 2023.

#### Statement by the Management Board of ZUE

##### Preparation of the half-yearly condensed consolidated and separate financial statements

On the basis of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and the conditions for recognizing information required under the law of a non-member state as equivalent, the Management Board of ZUE state that according to their best knowledge, these half-yearly condensed consolidated and separate financial statements and the comparative information have been prepared in accordance with applicable accounting principles binding on the Group and the Company and give a true and fair view of the economic and financial position and profit or loss of the Group and the Company.

### 4. Signatures

The financial statements have been prepared by:

Marzena Filarek – Chief Accountant

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Signatures of the management personnel:

Wiesław Nowak – Management Board President

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Anna Mroczek – Management Board Vice-President

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Jerzy Czeremuga – Management Board Vice-President

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Maciej Nowak – Management Board Vice-President

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Marcin Wiśniewski – Management Board Vice-President

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Cracow, 22 August 2023