



MANAGEMENT BOARD REPORT ON THE ACTIVITIES OF
ZUE CAPITAL GROUP

For the period 1 January 2023 - 30 June 2023

Cracow, 22 August 2023

Abbreviations and definitions:

ZUE, Company, Issuer, Parent Company	<p>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.</p> <p>Parent company of the Capital Group.</p>
BPK Poznań	<p>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.</p> <p>Subsidiary of ZUE until 10 August 2023.</p>
Railway gft	<p>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.</p> <p>Subsidiary of ZUE.</p>
RTI	<p>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.</p> <p>Subsidiary of ZUE.</p>
Energopol	<p>Przedsiębiorstwo Budownictwa Inżynieryjnego 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.</p> <p>Subsidiary of ZUE.</p>
ZUE Group, Group, Capital Group	<p>ZUE Capital Group including at the end of the reporting period: ZUE, BPK Poznań, Railway gft, RTI, Energopol.</p>
PLN	Polish złoty.
EUR	Euro.
RON	Romanian leu.
Act	Polish Companies Act (Journal of Laws of 2022, item 1467).

Share capital details as at 30 June 2023.

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INTRODUCTION

This Management Board Report on the Activities of ZUE Capital Group (the Group) in the period 1 January 2023 - 30 June 2023 contains the information whose scope has been set out in § 69.1.3 in connection with § 66.8.2-12 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information published by the issuers of securities and the conditions for recognizing information required under the law of a non-member state as equivalent.

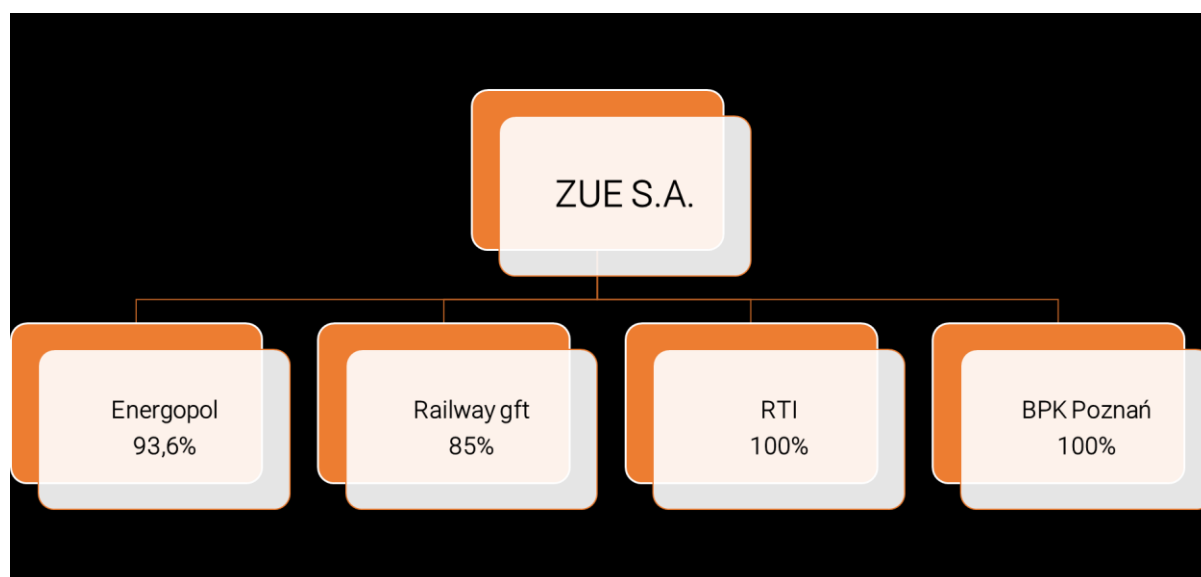
The condensed financial statements of the Group and ZUE S.A., respectively, which constitute the elements of the complete consolidated report for the first half of 2023, have been prepared in accordance with regulations set out in the IAS/IFRS, especially IAS 34 "Interim Financial Reporting."

OPERATIONAL INFORMATION

1. Organisation of the Capital Group

1.1. Structure of the Capital Group

Structure of the Capital Group as at 30 June 2023.



ZUE S.A. is the parent company of the Capital Group. The Company has been incorporated on 1 June 1991 and operated in its current legal form since 20 May 2002. The Company has been 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 no. KRS 0000135388. The share capital of PLN 5,757,520.75 has been paid up in full.

Subsidiary (until 10 August 2023) – Biuro Projektów Komunikacyjnych w Poznaniu Sp. z o.o. has been established on 15 June 2009. Poznań is the company's registered office. The company has been registered with the District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register, under entry no. KRS 0000332405.

Subsidiary – Railway gft Polska Sp. z o.o. has been established on 21 October 2014. Cracow is the company's registered office. The company has been 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 no. KRS 0000532311.

Subsidiary – Railway Technology International Sp. z o.o. has been established on 20 July 2011. Cracow is the company's registered office. The company has been 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 no. KRS 0000397032.

Subsidiary – Przedsiębiorstwo Budownictwa Inżynieryjnego Energopol Sp. z o.o. has operated in its current legal form since 11 September 2001. Cracow is the company's registered office. The company has been 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 no. KRS 0000042724.

On 28 October 2022, ZUE's branch in Romania was entered into the Register of Entrepreneurs maintained by the Court in Cluj Napoca under entry no. J12/6648/2022. The branch was established to enable the coordination of the Company's operations on the Romanian market.

The companies within the Capital Group have been incorporated for indefinite period. The financial statements of the consolidated subsidiaries have been prepared for the same reporting period as the financial statements of the parent company using consistent accounting principles. The parent company and the subsidiaries use a calendar year as their financial year.

Companies consolidated with full method in the first half of 2023:

- Biuro Projektów Komunikacyjnych w Poznaniu Sp. z o.o.
- Railway gft Polska Sp. z o.o.
- Przedsiębiorstwo Budownictwa Inżynieryjnego Energopol Sp. z o.o.

ZUE had the power to govern the financial and operating policies of BPK Poznań, Railway gft and Energopol in the reporting period due to the fact that as at 30 June 2023, it held a 100%, 85% and 93.6% interest, respectively, in the companies.

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

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

On 10 August 2023, after the end of the reporting period, the Company sold 100% of shares in BPK Poznań for the total sum of PLN 0.56m as a result of which the subsidiary left the Group.

2. Activities of the Capital Group

The Group identified the three aggregate operating segments in the reporting period:

- Construction activities conducted by ZUE and Energopol;
- Design activities conducted by BPK Poznań; and
- Sales activities conducted by Railway gft.

Construction activities mainly include:

- Urban infrastructure**, including:
 - Construction and upgrade of tram tracks, tram and trolleybus traction networks, traction substations, street lighting, cable lines, street traffic signalling, road systems, buildings and telecommunications technology;
 - Maintenance of tram, road and street lighting infrastructure;
- Rail infrastructure**, including:
 - Construction and upgrade of railway tracks, railway traction, railway traffic control devices and telecommunications technology, traction substations, power lines, stations and civil structures.



Energopol joined the Group in November 2022. The company's focus is on road works, bridge and road structures, reinforced concrete structures, hydrotechnical and water and sewage projects.

In the first half of 2023, the Group focused on the provision of rail and urban infrastructure construction services.

The Group can build civil structures and deliver reinforced concrete projects, such as viaducts, bridges, passages, resistance walls or noise barriers, based on its skills and resources.

Design activities concerning urban and rail transport systems complemented the abovementioned construction activities. Design activities have been excluded from the Group following the sale of 100% of shares in BPK Poznań.

As part of **sales activities**, the Group offers materials and accessories necessary to build tracks, including:

- | Rails for railways, tramways and cranes; special profiles, light rails and narrow-gauge railway;
- | Steel, wooden and pre-stressed concrete sleepers;
- | Crossovers and crossover components;
- | Accessories required to build tram and railway tracks;
- | Aggregate;
- | Special technologies: RHEDA 2000® slab tracks, RHEDA CITY C, RHEDA CITY GREEN tram systems, "Ypsylon" steel sleepers.

The financial data of operating segments is presented in the consolidated financial statements for the six months ended 30 June 2023.

3. Sales markets

The Group's sales markets reflect the scope of activities conducted by the Group.

Construction activities are carried out by ZUE mainly on the railway and urban infrastructure market. The table below sets out major construction contracts in progress.

Contract*	Contracting authority	Contract net value [PLNm] attributable to ZUE
Preparation of design documentation and completion of construction works in connection with the project named: LOT D – Works on the railway lines no. 131, 542 and 739 of the Rusiec Łódzki (km 137.500) – Zduńska Wola Karsznice (km 170.212) section as part of the Infrastructure and Environment Operational Programme (IEOP) 5.1-14 "Works on the railway line C-E 65 of the Chorzów Batory – Tarnowskie Góry – Karsznice – Inowrocław – Bydgoszcz – Maksymilianowo section."	PKP PLK S.A.	602
Design and construction services in connection with the project no. 1: "Works on the Chabówka - Zakopane railway line no. 99" and the project no. 2: "Construction of railway link in Chabówka along the Sucha Beskidzka – Chabówka railway line no. 98 and the Chabówka – Zakopane railway line no. 99."	PKP PLK S.A.	485
Design services and construction works in connection with the following project: "Works on the railway line no. 25 of the Skarżysko Kamienna – Sandomierz section" executed as part of Eastern Poland Operational Programme.	PKP PLK S.A.	427

Completion of construction works in the area of the Kutno Local Traffic Control Centre (LCS) – the Żychlin-Barłogi section in connection with the following project: "Works on the railway line E20 of the Warszawa-Poznań section – other works, the Sochaczew-Swarzędz section" executed as part of the Connecting Europe Facility (CEF).	PKP PLK S.A.	313
Works on the railway line no. 93 of the Trzebinia – Oświęcim – Czechowice Dziedzice section, Infrastructure and Environment Operational Programme (IEOP) 5.1-12."	PKP PLK S.A.	292
Design and construction services in connection with the project named: "Construction of the Annopol depot."	Tramwaje Warszawskie sp. z o.o.	273
Reconstruction of the tramway track and traction in the Nabrzeże Wieleckie, Nowa, Dworcowa, Kolumba, Chmielewskiego and Smolańska Streets and the Powstańców Wlkp. Avenue and the extension of the Pomorzany terminus in Szczecin.	City of Szczecin, Szczecińska Energetyka Ciepła Sp. z o.o., Zakład Wodociągów i Kanalizacji Sp. z o.o.	220
Reconstruction of the tramway track together with OCL network from the Żołnierza Polskiego Square – the Matejki Street – the Piłsudskiego Street (to the Rodła Square).	City of Szczecin	158
Maintenance and repair of tram infrastructure in Cracow in 2022-2025.	City of Cracow	121
Construction works in connection with the following project: "Construction of multimodal terminal in Zduńska Wola – Karsznice."	PKP CARGO Terminale sp. z o.o.	100
Preparation of design documentation and completion of construction works as part of "design-build" project in connection with the Infrastructure and Environment Operational Programme (IEOP) 5.1-16 "Improvement of capacity of E 20 railway line of the Warszawa – Kutno section, Stage I: Works on the railway line no. 3 of the Warszawa – the Łowicz Local Traffic Control Centre (LCS) section."	PKP PLK S.A.	90
Provision of bicycle lanes and reconstruction of road infrastructure along the Królowej Jadwigi and Piłsudskiego Streets (county road) in Dąbrowa Górnicza as part of the following project: "Promotion of green transport in Dąbrowa Górnicza – Stage III." Construction works for the project named: "Reconstruction of the separate tramway track along the Królowej Jadwigi Street and Piłsudskiego Street in Dąbrowa Górnicza, the Róż Avenue – the Kasprzaka Street section."	Dąbrowa Górnicza/Tramwaje Śląskie S.A.	81
Preparation of building and detailed designs and the completion of LOT B works as part of "design-build" project in connection with the Infrastructure and Environment Operational Programme (IEOP) 7.1-19.1.a: "Upgrade of the railway line no. 8 of the Warszawa Okęcie – Radom (LOT A, B, F) section" – Phase II.	PKP PLK S.A.	78
Reconstruction of the separate tramway track along the Sobieskiego Street and the Królowej Jadwigi Street in Dąbrowa Górnicza from the KWK Paryż Terminus to the Róż Avenue" and "Provision of bicycle lanes and reconstruction of road infrastructure along the Sobieskiego and Królowej Jadwigi	Dąbrowa Górnicza/Tramwaje Śląskie S.A.	62

Streets (DW 910) in Dąbrowa Górnicza.		
Completion of construction works in connection with the extension of the Górny Taras Rataj track between the intersection of Kórnicka and Jana Pawła II Streets and the Lecha Estate, extension of Pleszewska Street between the intersection with Warczygłowy Street and the intersection of Kaliska and Polanka Streets (including the intersection) and extension of Kaliska Street between Polanka and Jana Pawła II Streets and reconstruction of Warczygłowy Street and services relating to construction works carried out in connection with the following project: "Reconstruction of the Kórnicka – Lecha Estate – Żegrze roundabout tramway and construction of the route between Żegrze roundabout and Unii Lubelskiej."	City of Poznań	59
Works on the E59 railway line, the Dobiegniew – Słonice section – OCL network.	Strabag Sp. z o.o.	48
Restoration of railway infrastructure on the Dorota - Sosnowiec Dańdówka section, line no. 171, as part of the following investment project: "Works on the south eastern part of the Upper Silesian Industrial Region ring road and adjacent	PKP PLK S.A.	38
Construction of a railroad siding with a handling yard and power connection in the south-western part of Jawor WSSE „INVEST-PARK” subzone near the line 137 railway stop.	Wałbrzyska Specjalna Strefa Ekonomiczna "Invest-Park" Sp. z o.o.	38
Construction of railway link in Kalwaria Zebrzydowska along the Skawina – Żywiec railway line no. 97 and the Kalwaria Zebrzydowska Lanckorona – Bielsko Biała Główna railway line no. 117" executed as part of the following project: "Works on the railway lines no. 97, 98, 99 of the Skawina –Sucha Beskidzka – Chabówka – Zakopane sections.	PKP PLK S.A.	23
Maintenance and ongoing repairs of systems and equipment required to light roads, streets, parks, squares, bridges, flyovers, tunnels, underpasses and to illuminate selected facilities in Cracow.	City of Cracow	23
"Reconstruction of the road and reconstruction of the track in the Dworcowa Street" and "Development of a Dynamic Passenger Information System as well as extension and reconstruction of a City Surveillance System" for the following project: "The system of sustainable urban transport in Gorzów Wlkp." and "Reconstruction of roads and public transport infrastructure in the area of the railway station."	City of Gorzów Wlkp. – the Municipal Council of Gorzów Wielkopolski and Przedsiębiorstwo Wodociągów i Kanalizacji Sp. z o.o.	19
Maintenance of tram lines and switches in Wrocław.	City of Wrocław represented by Miejskie Przedsiębiorstwo Komunikacyjne Sp. z o.o.	19
ROMANIA		
"Quick Wins" – works carried out in C.F. Braşov area (17 Lot)	"C.F.R." S.A. – C.F. Braşov Regional Branch (Romania)	135
"Quick Wins" – works carried out in C.F. Cluj area (47 Lot)	"C.F.R." S.A. – C.F. Cluj Regional Branch (Romania)	324

* Contracts whose net value exceeds PLN 15m.

Design services relating to urban and rail transport systems were provided to both public investors and companies which execute "design-build" projects. The biggest customers of BPK Poznań in the reporting period included PKP Polskie Linie Kolejowe S.A., LPW Sp. z o.o., Budimex S.A., Miasto-Łódź – Zarząd Inwestycji Miejskich. Sales activities conducted by Railway gft include the sale of rails, track accessories, sleepers, rail fastening systems and aggregate. In the first half of 2023, the major customers of Railway gft other than the Group included Contraxim Sp. z o.o. and Vossloh Cogifer Polska Sp. z o.o.

4. Backlog

The construction contracts performed by ZUE are the biggest item of the Group's backlog.

At the date of preparation of this report, the total value of the Group's backlog is PLN 1,458m, including the contracted construction and assembly works performed by ZUE and Energopol with the total net value of PLN 1,436m. The net value of orders for equipment and materials received by Railway gft is PLN 15.5m.

The value of the new construction contracts signed by the date of approval of this report is approx. PLN 19.8 for ZUE and approx. PLN 65m for Energopol.

Also, at the date of publication of this report, ZUE's railway tender with the net value of PLN 785m had been selected by PKP PLK S.A. Likewise, the tender with the net value of PLN 76.5m submitted by the Company on the urban market in connection with the upgrade of a tramway in Cracow had been selected by the contracting authority.

The companies within the Group take an active part in new tender procedures.

5. Issuer's major achievements or failures in the reporting period

The Company's revenue grew 47% year on year in the first half of 2023. Gross margin reported by the Company was 2.9% and gross margin reported by the Group was 3.5%. Revenue generated by the Group grew 45%. The Company is expecting the conclusion of the two new construction contracts for the total net amount of approx. PLN 861.5m.

In 2023, the Company began to perform the railway contracts won in 2022 on the Romanian market.

Financial results are discussed in detail in "Financial Information" section.

No major events other than operating events discussed in sections 12 and 13 below occurred by this report preparation date.

6. Influence of the coronavirus pandemic on the Group's activities

Measures taken by the Group (during the pandemic)

During the pandemic, the Issuer took preventive measures to reduce the risk of infection among the employees and associates by letting the staff work remotely, giving instructions on hygiene and precautions to its employees and subcontractors' employees, providing employees with protective equipment such as face masks or disinfectant agents, limiting the number of business meetings, giving comprehensive information on the activities aimed at reducing the risk of infection and measures to be taken in case of infection and limiting contacts with the employees who stayed in higher risk areas.

Impact of the coronavirus pandemic on the Group's activity and financial standing in the first half of 2023

No impact of the coronavirus pandemic on the Group's activity or financial standing was observed in 2023.

Possible impact of the coronavirus pandemic on the Group's activity and financial standing

Below please find the factors which may influence the markets in which the Issuer operates and ZUE's activities in the next quarters should the state of emergency be declared again in Poland.

Factors which may have a negative influence:

- | Limited supply of certain building materials and price increases caused by disruptions in the chains of supply;
- | Further increase in prices of certain imported building materials caused by the weakening of PLN to EUR and USD rates;
- | Temporary suspension of competitive tenders for new urban infrastructure contracts as a result of poorer financial condition of the cities caused by possible restrictions;
- | Possible problems associated with the liquidity of certain enterprises (e.g. subcontractors);
- | Possible extensions of deadlines for certain construction contracts caused by delays in the issue of certain administrative consents or approvals;
- | Impediments relating to the absence or temporary exclusion of the Group's employees, subcontractors and consortium members; and
- | Possible suspension of construction works under contracts.

Impact of the coronavirus pandemic on social and employee issues, natural environment, respect of human rights and counteracting corruption

No impact of the coronavirus pandemic on social and employee issues, natural environment, respect of human rights or counteracting corruption was observed in 2023.

7. 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 as at 30 June 2023. 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.

8. Strategic objectives

The principal objective in 2023-2024 is to take a maximum advantage of the current EU perspective.

The Group's strategic objectives include:

- | Maintenance of the position of the Group as one of the leaders of the rail transport infrastructure construction market;
- | Maintenance of the position of the Group as one of the leaders of the urban transport infrastructure construction market;
- | Development of sales activities on the track materials production and distribution market.

In the long-term perspective, the principal aim of the Group is to improve and develop the services provided by the Group in connection with the service and maintenance of urban and rail infrastructure.

The Issuer predicts that the strategic objectives will be pursued mainly through the organic growth and the Company states that other companies may be acquired in the future.

In 2023, the Issuer's focus is on winning new construction contracts and proper performance of previously signed contracts. The Group also aims to achieve geographical diversification by offering its services in other European countries.

The strategic objectives are pursued taking into consideration non-financial issues such as human rights, employees' rights, the impact on local environment or environmental protection.

9. Development prospects

The railway and urban infrastructure projects (especially tramway projects) are the main source of the Group's income. Construction works are carried out mainly in the territory of Poland. However, in the second half of 2022, ZUE won the construction contracts on the Romanian railway market and the contracts have been performed since 2023. Investments in tram infrastructure are made as part of decentralised revitalization plans drawn up for individual cities and urban areas. Railway undertakings, on the other hand, fall within the category of the long-term development and modernisation of the national railway network.

Urban infrastructure market

Urban rail transport is considered environmentally friendly. Accordingly, from the perspective of the 2021-2027 EU perspective, investments in such projects offer excellent potential in terms of financing.

The draft *FENIKS* (the EU Funds on Climate, Infrastructure and Environment) programme for 2021-2027 was published in October 2022. Under the programme, EUR 2 billion will be spent on urban transport in Polish cities, including EUR 1.44 billion on the expansion and upgrade of infrastructure, especially tram infrastructure. The European Commission adopted *FENIKS* on 6 October 2022. It is Poland's and the EU's largest cohesion policy programme.

According to the programme:

- 1) The length of the completed subway lines is expected to be 3.4 km by 2029;
- 2) The length of the new tram and subway lines is expected to be 98 km by 2029 (including 5 km in 2024);
- 3) The length of the reconstructed tram and subway lines is expected to be 126 km by 2029 (including 6 km in 2024); and
- 4) The number of cities with new or upgraded digital transportation systems is expected to reach 9 by 2024.¹

Cracow, Warsaw, Gdańsk, Bydgoszcz, Szczecin, Poznań or the Upper Silesia cities are planning the construction or modernisation of tramways.

Rail infrastructure market

¹ <https://www.transport-publiczny.pl/wiadomosci/feniks-2-mld-euro-na-transport-w-polskich-miastach-75576.html>

PKP PLK estimates combined investment needs in the Polish railway infrastructure of approximately PLN 300 billion. The expenditures concern the upgrade of all neglected or missing elements.² Works will be carried out as part of the current National Railway Program until 2023 worth approximately PLN 76 billion (NRP) and the *Kolej Plus* programme.

The Central Communication Port (CCP) project is also underway. The railway component of the project will entail constructing approximately 2,000 km of brand new railway lines and revamping of existing routes. Contracts are being signed for preparatory works on the new lines. The new sections under construction will serve as essential additions to the existing national network, which will be more capable of satisfying the nation's transport needs. According to the CCP, the construction works relating to the CCP railway component will commence in 2023 and the entire plan provides for 30 projects. At present, the CCP is preparing technical, economic and environmental studies for about 1,300 km of new railway lines.³

In the EU financial perspective for 2021-2027, a significant focus is on the development of railway transport. The principal aim of the Sustainable and Smart Mobility Strategy is to reduce transport-related emissions in the EU by 90% by 2050. The document should serve as a basis for ecological and digital transition in the EU. It should also make the EU transport system more resistant to future crises. The Strategy focusses on the ambitious development of the EU railway infrastructure, for instance the doubling of the high-speed train network and carbon neutral collective travel for journeys under 500 km by 2030, and doubling of the rail freight traffic and fully operational Multimodal Trans-European Transport Network (TEN-T) equipped with sustainable and smart transport with high-speed connectivity by 2050.⁴

Apart from the EU main budget, funds can be obtained from the Recovery Fund whose aim is to support the EU economy after the COVID-19 pandemic. Funds will also come from the *Connecting Europe* programme and a vast portion will be spent on railway projects.⁵

Advanced construction work is underway as part of the NRP, while the railway component of the CCP is currently at the conceptual and planning stage aimed at the completion of the projects. In 2022, PKP PLK announced new tenders for the total amount of PLN 18 billion. According to the information provided by the Ministry of Infrastructure, 2023 should see the announcement of tenders for the amount between PLN 15-20 billion.⁶ Public consultations concerning the National Railway Programme until 2030 (with the perspective until 2032) began in April 2023. It is the extension of the National Railway Programme until 2023 and the estimated budget for the new NRP is PLN 80 billion.⁷

Due to the changes in prices of building materials, labour, energy or fuels, businesses must use effective valorisation formulas in their investor-contractor relations.

It should be noted, however, that a vast majority of investments depend on the EU funds. Therefore, local governments and PKP PLK must obtain the funds to successfully complete the abovementioned projects.

Rail infrastructure market in Romania

In terms of the length of railway lines, Romania ranks eighth in Europe. The network is about 10,800 km long, out of which around 37% is electrified (to compare, around 63% of the Polish rail network is electrified).⁸ The network includes about 18,000 bridges and footbridges as well as 176 tunnels. The two European transport corridors, namely the Rhine-Danube and the North Sea-Mediterranean corridors, run through Romania. Like in other Eastern European countries, the Romanian rail infrastructure calls for major capital expenditures in order to meet the EU environmental objectives. In September 2021, the European Commission approved the Romanian National Recovery Plan for about EUR 29 billion and a portion of the amount will be allocated to railways.

A strategy for 2021-2025 was adopted by the Ministry of Transport and Infrastructure and CFR (the Romanian counterpart of PKP PLK).

Objectives:

² <https://www.rynek-kolejowy.pl/mobile/trako-2021-oczekiwania-przed-nowa-perspektywa-104659.html>

³ <https://www.nakolei.pl/cpk-z-pierwszym-przetargiem-budowlanym-w-2023-roku-ma-ruszy-budowa-tunelu-kdp-pod-lodzia/>

⁴ https://ec.europa.eu/commission/presscorner/detail/pl/ip_20_2329

⁵ <https://www.rynekinfrastruktury.pl/wiadomosci/drogi/nowy-cef-bez-drog-i-lotnisk-unia-stawia-na-kolej-77436.html>

⁶ <https://kolejowyportal.pl/mi-w-2023-r-pkp-plk-planuja-oglosic-przetargi-o-wartosci-15-20-mld-zl/>

⁷ <https://forsal.pl/transport/kolej/artykuly/8193533,pkp-plk-chca-oglosic-przetargi-na-ponad-10-mld-zl-do-konca-tego-roku.html>

⁸ Eurostat data.

- Increasing the share of the rail freight traffic by at least 25% by 2026 in comparison to 2020;
- Increasing the number of passengers by 25%;
- Conversion from bus commuting (as the first choice of travel) to train commuting;
- Implementation of the ERTMS system.

Major expenditures on infrastructure are required to meet these objectives and the investments are already financed with, *inter alia*, the use of the EU funds. Romania effectively uses the EU funds to modernize its railways as a result of which a significant number of projects have been launched to upgrade the infrastructure.

In 2022, the Company and the Romanian consortium member won the construction contracts for the upgrade of the Romanian railway lines with the total amount at the contracts conclusion date of approximately PLN 0.96 billion, out of which 50% is attributable to ZUE. In addition, ZUE's branch was established in Romania.

Road infrastructure market

Since November 2022, the Group has operated on the local road market through its subsidiary, Energopol. This stable and prospective market will receive financial support from the Government Road Construction Fund. Funds will be allocated to implement nearly 1,800 local road construction and modernisation tasks, including 169 tasks in Małopolska. With the Fund's support, about 2,800 km of roads will be built or renovated. At present, Energopol is involved in the performance of the three new contracts on the road market, including two construction contracts and one road infrastructure contract.

10. Factors believed by the Issuer to have an influence on the Issuer's and the Group's development

The factors believed to have an impact on the Group's financial results include:

Untimely settlement of liabilities to the Group by Contracting Authorities

The nature of construction activities requires the Group to use a considerable part of its working capital to perform the contracts due to their relatively high value and a long time of their performance. Accordingly, a failure of the Group's customers to timely settle their liabilities to the Group directly influences the Group's financial results. In extreme cases, the payment delays may lead to the termination of contracts.

Delays or unfavourable outcome of tenders the Group participates in

A risk related to the terms and procedures of public tenders is specific to the industry the Group operates in. Tender participants have the right to appeal against illegal appointment of a contractor by a contracting authority or to appeal to the court against the decision issued by the authority hearing the appeal made in public procurement proceedings. The announcing of tenders or awarding contracts by contracting authorities may be delayed. Consequently, the date of signing contracts with investors may be substantially postponed both on the urban and railway infrastructure market. These events could have a negative influence on the Group's financial results.

Lengthy procurement procedures result in additional costs, a risk of increase in the prices of goods and services and uncertainty over the outcome or cancellation of the procedure. Signing a contract at a later date may make a project execution conditional on weather conditions because certain projects must not be executed in low temperatures or heavy snow or rain fall. Project execution may also be conditional on other factors such as the date of closing the tracks by the contracting authority or the dates on which trees and bushes can be cut down. A long time between the submission of tender and the conclusion of contract may also cause the expiry or non-extension of offers made by subcontractor or suppliers as a result of which the prices of their products and services may increase. For these reasons, a part of the Group's planned revenue may be transferred from the current to the next financial year.

The growing costs of contract performance may contribute to the cancellation of tender procedures because the submitted tenders go over the cost estimates prepared by investors.

Unstable prices of raw materials and liquid fuels

The Group's construction activities involve the use of products and raw materials such as concrete, aggregates, asphalt, steel elements (including HV tram and rail traction network posts, lamp posts, rails or crossovers) and

copper and aluminium elements (including power cables, lines and contact wires) and, given a big number of machines, liquid fuels (including diesel oil and petrol). Different fees levied on materials, for instance duty, may also contribute to the increase in prices. Due to the fluctuating prices of these materials, the Group companies are exposed to price risk. The prices of raw materials and liquid fuels are also indirectly adversely affected by the war in Ukraine.

Higher fees charged by subcontractors

When performing its contracts, the Group subcontracts certain construction and assembly tasks to specialised companies. The increase in remuneration relating, *inter alia*, to the increase in minimum pay entails a risk relating to the estimation of costs incurred by subcontractors and, consequently, has a direct influence on the fees charged by subcontractors. This has a negative impact on the Group's financial results. A dynamic growth in the number of executed projects may have a negative influence on the Group's ability to engage certain subcontractors and may contribute to the increase in fees charged by them.

Unstable foreign exchange rates

The Group purchases certain imported products in foreign currencies, which entails a foreign exchange risk. This may have a positive or negative impact on the Group's financial results. In addition, although PLN-denominated, certain products purchased from entities operating in Poland are also indirectly exposed to foreign exchange risk as the risk is transferred from a supplier-importer to the Group companies.

Outcome of court proceedings

The Group companies are the parties to the court proceedings concerning both their claims and liabilities. The outcome of these proceedings may have an impact on the financial results reported by the Group.

11. Risks believed by the Group to have influence on the Group's future results

Risk related to financial liquidity in the construction sector

A large number of performed contracts and common problems relating to the growth of costs have contributed to the increase in credit risk for construction companies. Banks and credit security institutions have tightened the terms of insurance and financing. Long acceptance procedures accompanied by the obligation to pay subcontractors within 30 days make companies use considerable resources to finance ongoing operations. The situation is made worse by unpaid materials waiting to be developed.

Risk related to logistics

A risk of both rail and road contracts being performed at the same time and in the same area may limit transport capacity and result in higher fees for transport services.

Risk related to the failure to deliver construction sites by the dates specified in contracts

The construction contracts entered into by the Group provide for the exact completion dates. If a contracting authority fails to deliver the site in a timely fashion, works may accumulate as a result of which tasks can fail to technologically match each other or deadlines specified in a contract can be missed through no fault of the Group. This may have a negative result on the Group's financial results.

Risk related to obtaining administrative decisions, ability to appeal against administrative decisions and third parties' activities influencing the Group's design or construction services

The Group sometimes needs to obtain administrative decisions required to execute certain projects. Such decisions are specified, *inter alia*, in the Construction Law, Code of Administrative Procedure or Environmental Protection Law. One cannot exclude the possibility of a failure to obtain such decisions or to avoid lengthy procedures. A risk of third parties' failure to complete or timely complete the tasks necessary for the Group companies to begin their projects may also occur. These factors could lead to the failure to execute or timely execute the construction projects and, consequently, have a considerable impact on the Group's financial results.

Risk related to inaccurate estimate of costs of planned and performed contracts

A risk of inaccurate estimate of contract costs may occur, for instance, in the case of flat-rate services necessary to perform a contract, which are difficult to identify at the stage of the preparation of tenders by the Group. In addition, the terms of reference may be interpreted differently by contractors and contracting authorities as a result of which additional works may have to be performed. In such a case, contracting authorities may refuse to pay contractors and the dispute will have to be dealt with by courts. This risk cannot be excluded and its occurrence could have a negative impact on the Group's financial results.

Risk related to joint and several liability to subcontractors and consortium members

The Group engages subcontractors (including service providers or suppliers) to perform construction contracts and concludes consortium agreements. According to the Polish Civil Code and the Polish Public Procurement Act (and provisions of public procurement contracts), a contractor that has entered into a contract with a subcontractor is liable on a joint and several basis for the payment for the construction services provided by further subcontractors. In addition, consortium members are liable on a joint and several basis to a contracting authority for the proper performance of their obligations under public procurement contracts. Thus, the Group may be obliged to pay remuneration for works, services or supplies to further subcontractors (including service providers and suppliers) and be liable for a consortium member's failure to perform or duly perform their obligations under public procurement contracts. These risks may have a negative impact on the Group's financial results.

Risk related to improper contract performance by key counterparties

In order to carry out orders and construction contracts, the Group enters into the contracts with suppliers, subcontractors, consortium members and investors. The contracts may be improperly performed by counterparties. For instance, tasks performed by a subcontractor may be faulty or in breach of a contract, or a justified claim may be dismissed by an investor. The occurrence of these risks may have a negative influence on the Group's financial results.

Risk related to bonds, contractual penalties and the related litigations

Construction contracts and work-for-hire contracts concluded by the Group provide for the obligation to provide performance bonds and defects liability bonds in the form of deposits or bonds issued by banks or insurance companies. Moreover, contracting authorities expect longer warranty periods. These contracts also provide for contractual penalties if a deadline for the completion of the tasks specified therein is missed. The Group cannot exclude the risk of missing a deadline for the completion of construction contracts or work-for-hire contracts or the failure to meet the deadline for the completion of warranty works connected with the removal of defects. Thus, a contracting authority may exercise its right to use the bonds or demand contractual penalties or damages. In addition, the Group cannot exclude the risk of disputes related to the failure to duly or timely perform the contracts. The factors could have a negative impact on the Group's financial results.

Risk related to bankruptcy of counterparties

One cannot exclude the risk of bankruptcy of the Group's counterparties. The Group may not be able to perform a contract or remove defects in a timely fashion following the bankruptcy of its subcontractors, suppliers or construction members as a result of which it may be obliged to pay contractual penalty or damages. It could also be liable on a joint and several basis for the payment to further subcontractors or the failure to perform a contract by a consortium member. In addition, it would have to cover the cost of the tasks or supplies, which have not been completed by a bankrupt. If the Group's client/contracting authority go bankrupt, the Group may not receive remuneration for the performed services. These factors could have a negative influence on the financial results reported by the Group.

Risk related to guarantee of payment for construction works

According to the Polish Civil Code, a contractor commissioned by a company within the Group to execute a

construction project may at any time demand the payment guarantee from the company (its client) up to the amount of remuneration payable under a contract and other agreements. The failure to provide a satisfactory payment guarantee creates an obstacle to the completion of construction works through the fault of the Group. A contractor is then entitled to terminate a contract under Art. 649[4] §1 of the Polish Civil Code and demand its remuneration under Art. 639[4]§3 of the Polish Civil Code. Consequently, costs may increase and the execution of construction projects may be delayed or even made impossible. This could have a negative impact on the Group's financial position.

Risk related to change of law, including tax law

Frequent amendments to and the lack of coherence or uniform interpretation of the law including, in particular, tax law entail a substantial risk related to the legal environment the Group operates in. In particular, tax authorities relying, for instance, on interpretations of the Minister of Finance may question the Group's tax settlements related to its transactions executed as part of its ordinary course of business or other transactions (for instance capital transactions). Consequently, changes of laws or their interpretation, which are disadvantageous to the Group, may have a negative impact on the Group's financial position.

Risk related to winning of new contracts

The Group participates in public tenders and includes target contracts in its financial plans. A risk that a decision will be unfavourable or the tender will be cancelled by a contracting authority cannot be excluded. In addition, the announcing of tenders or awarding contracts by contracting authorities or the signing of contracts may be delayed. If a company within the Group participates in a tender together with a consortium member, it faces additional risk associated with the consortium member's withdrawal.

Risk related to growing competition

The Group operates on the competitive market among companies from the rail and urban infrastructure construction and general infrastructure construction sector. These entities may strengthen their market position in the future when they acquire other construction and repair companies and gain new sources of finance. The Group's activity may also be influenced by the emergence of new competitors attracted by positive growth prospects for the Polish infrastructure construction industry. Growing competition on the markets where the Group operates may have a negative impact on the Group's revenue and margins and, consequently, adversely influence its financial results.

Risk related to awarding of contracts and exclusion from public tenders

Pursuant to the Public Procurement Act, tender participants are able to appeal against illegal appointment of a contractor by a contracting authority or to appeal to the court against the decision issued by the authority hearing the appeal made in public procurement proceedings. Consequently, the date of signing a contract with an investor may be substantially postponed. Moreover, the circumstances may occur in which the Group could be excluded from tender procedure on the terms specified in the Public Procurement Act. Such events could have a negative impact on the Group's financial results.

Risk related to the EU funding of railway projects

The long-term National Railway Programme until 2023 (the "NRP") sets out the financial terms and the Poland's objectives concerning the execution of railway projects until 2024. PKP PLK SA finances NRP with considerable use of the European Union funds. However, political changes in the European Union as well as disputes between Poland and the EU and the related delays in the awarding of funds may influence the initial level of the funding of railway projects in Poland.

Risk related to obtaining funds for the performance of construction contracts as well as performance and bid bonds

Given the current economic situation, there is a risk that both banks (credit facilities and bonding products) and insurance companies (performance or bid bonds) will limit the availability of the sources of finance and other financial instruments, which may reduce the number and scope of operations.

Risk related to weather conditions

The Group's construction tasks related to urban, power, road and rail infrastructure cannot be done in unfavourable weather conditions. Due to low temperatures in autumn and winter, many tasks have to be slowed down or even stopped to meet technological regimes. If unfavourable weather conditions continue for too long, the situation may have a negative impact on the Group's financial results.

Risk related to social and economic situation in Poland

The Group's operation on the urban and rail infrastructure construction market is conditional on Poland's macroeconomic situation including, in particular, GDP growth rate, investments, inflation and unemployment rate and the level of the budget deficit. Any negative changes in Poland's macroeconomic situation may pose a risk to the Group's business activity and, consequently, influence its financial results.

Risk related to interest rates

The Group is exposed to interest rate risk mainly because it uses such instruments as bank credits, loans and leases. These instruments are based on variable interest rates and expose the Group to financial risk.

Risk related to unstable margins

Growing prices of materials, higher fees charged by subcontractors or higher salaries and wages for employees may be felt by entities delivering railway projects and influence original margins. The current system does not provide for the indexation of signed contracts as a result of which margins may become unstable.

Risk related to activities abroad

The Company carries out construction contracts in Romania and Latvia. Therefore, the Issuer takes into account such factors as variable exchange rates (contracts should be accounted for in a local currency or EUR), different legal and institutional framework and specificity of the local infrastructure construction market. These factors may influence the Group's performance.

Risk related to the impact of infectious diseases on construction processes

The occurrence of unpredictable and global factors such as the spread of virus may, in a short- and long-term perspective, upset the balance of global supply chain. This may lead to a number of difficulties including a slowdown in the local and global economy, problems associated with the supply goods and services or disrupted building materials production processes (limited supply). The number and scope of such events are difficult to assess.

The global viral pandemic (e.g. COVID-19) may have a negative influence on construction processes because administrative procedures may be slowed down or stopped. There is a risk that works carried out under certain construction contracts will be suspended.

The pandemic crisis may affect all parties of construction projects, namely contractors, subcontractors and contracting authorities.

Difficulties may also be associated with the absence or temporary exclusion of employees. During the coronavirus pandemic, the Issuer took preventive measures to reduce the risk of infection among its employees and associates including remote work where possible, a different form of business meetings, comprehensive information about the

activities whose aim was to reduce the risk of infection as well as the activities to be taken in case of infection and limited contacts with the employees who stayed in high risk areas.

Risk related to the war in Ukraine

On 24 February 2022, Russia launched an invasion of Ukraine. The following factors may have a long-term negative influence on the Polish economy and the construction industry:

- | 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 prices of fuels, natural gas and electricity;
- | Greater financial risk of the countries of the region which may limit the access to financing and entail greater costs;
- | Possible migration of Ukrainian employees from Poland to Ukraine;
- | Limited availability and higher prices of building materials caused by a long-term radical increase in demand for building materials in Ukraine.

12. Major events in the reporting period

Construction works:

On 7 April 2023, the Company informed that following the conclusion of an annex to the contract between the Company and PKP Polskie Linie Kolejowe S.A. (PKP PLK), the total net value of the contracts between the companies within the PKP PLK capital group and the companies within the ZUE capital group since 2 June 2022 amounted to approximately PLN 110m. **(Current report 4/2023)**

On 27 June 2023, the Company learnt about the selection of the tender submitted by ZUE as the most economically advantageous offer in the tender procedure for the following project: Reconstruction of the tramway along the Zwierzyniecka Street (district road) and the Kościuszki Street (county road) in Cracow and reconstruction of the adjacent intersections and OCL network, dehydration and lightening, reconstruction of the colliding technical infrastructure, repair of the *Salwator* tram terminus as well as construction of the heat distribution network with connections and construction and reconstruction of the water supply system. The Company informed about the submission of the most economically advantageous tender in the current report 8/2023. The Contracting Authority: Zarząd Dróg Miasta Krakowa, Wodociągi Miasta Krakowa S.A., Miejskie Przedsiębiorstwo Energetyki Ciepłej (MPEC) S.A. Net value of the tender submitted by ZUE: PLN 76.5m. Gross value of the tender submitted by ZUE: PLN 94m. Project completion date: 12 months. **(Current report 12/2023)**

Financial issues:

On 13 March 2023, the Company published the preliminary financial results for 2022. **(Current report 3/2023)**

On 28 June 2023, the Company and Alior Bank S.A. entered into the revolving credit agreement whereby the Company was granted the credit limit of up to PLN 40m available to the Company until the end of January 2025. **(Current report 13/2023)**

Corporate events:

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. **(Current report 5/2023)**

On 7 June 2023, the Company informed that according to the resolution on the distribution of the Company's profit for 2022 passed by the Ordinary General Meeting of ZUE S.A. on 7 June 2023, the dividend for 2022 of PLN 1,593,580.17; i.e. 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. **(Current report 11/2023)**

13. 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)**

14. Transactions with related parties

Transactions with related parties at the Group included typical sales transactions entered into on arm's length terms.

The consolidated financial statements for the six months ended 30 June 2023 contain detailed information about the transactions with related parties.

15. Bonds, guarantees, lines of credit and loans

The activity conducted by the Group requires the provision of bonds. The bonds include, first and foremost, bid bonds, performance bonds, defects liability bonds and advance payment bonds provided by banks and insurance companies to the Group's counterparties to secure their claims. Banks and insurance companies have recourse against the Company.

As at 30 June 2023:

- | The amount of bonds issued by the Group to third parties: PLN 479,879 thousand;
- | The amount of bonds issued by ZUE to third parties: PLN 461,481 thousand;
- | The amount of unused bond lines at the Group: PLN 420,456 thousand;
(including PLN 21,744 thousand which can be allocated to working capital credit);
- | The amount of unused bond lines at the Company: PLN 411,614 thousand and EUR 20,000 thousand
(including PLN 21,744 thousand which can be allocated to working capital credit);
- | The amount of unused credit lines at the Group: PLN 71,744 thousand;
(including PLN 50,000 thousand with no possibility of allocating to bonds);
- | The amount of unused credit lines at ZUE: PLN 71,744 thousand;
(including PLN 50,000 thousand with no possibility of allocating to bonds).

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.

ZUE is able to use limits provided by banks both for bonds and working capital credit. At the end of the reporting period, the limits were allocated to bonds.

No loans or bonds of significant total value were granted or provided in the first half of 2023 by the Parent Company or any subsidiary to any single entity outside the Capital Group (or any subsidiary thereof).

CORPORATE INFORMATION

16. Governing bodies of ZUE

The composition of the Company's Management Board did not change during the reporting period or until the date of preparation of the consolidated financial statements.

Composition of ZUE's Management and Supervisory Boards at the date of approval of these financial statements:

Management Board:

Wiesław Nowak	Management Board President
Anna Mroczek	Management Board Vice-President
Jerzy Czeremuga	Management Board Vice-President
Maciej Nowak	Management Board Vice-President
Marcin Wiśniewski	Management Board Vice-President

Supervisory Board:

Piotr Korzeniowski	Supervisory Board Chairperson
Barbara Nowak	Supervisory Board Vice-Chairperson
Irena Piekarska-Konieczna	Supervisory Board Member
Agnieszka Klimas	Supervisory Board Member
Maciej Szubra	Supervisory Board Member

Audit Committee:

Irena Piekarska-Konieczna	Audit Committee Chairperson
Barbara Nowak	Audit Committee Member
Maciej Szubra	Audit Committee Member

Ms. Irena Piekarska-Konieczna, Ms. Agnieszka Klimas and Mr. Maciej Szubra meet the independence criteria referred to in the Act on Auditors, Audit Firms and Public Supervision (Journal of Laws of 2023, item 1015).

No other changes to the composition of the Company's management and supervisory bodies occurred until the date of preparation of the consolidated financial statements.

17. Shares and shareholding structure

The Company's share capital amounts to PLN 5,757,520.75 and is divided into 23,030,083 shares with the nominal value of PLN 0.25 each, including:

- | 16,000,000 class A bearer shares;
- | 6,000,000 class B bearer shares; and
- | 1,030,083 class C bearer shares.

At this report preparation date, the Company holds 264,652 treasury shares whose purchase value is PLN 2,690 thousand. The shares were acquired by the Company from the employees of Przedsiębiorstwo Robót Komunikacyjnych w Krakowie S.A., the company which merged with ZUE S.A., as part of the buy-back effected in 2015.

The buy-back was effected on the basis of the Resolution no. 4 passed by the Company's Extraordinary General Meeting on 8 December 2014 authorising the Management Board of ZUE S.A. to buy back own shares. The

transaction is discussed in detail in the note no. 25 of the consolidated financial statements for the financial year ended 31 December 2015.

According to the information available, the Parent Company had the following shareholding structure at the date of preparation of this report:

Shareholder	Number of shares/votes as at 22 August 2023	% of the share capital/total number of votes	Number of shares/votes at the date of publication of the last interim report ⁽¹⁾	% of the share capital/total number of votes
Wiesław Nowak	14,400,320	62.53%	14,400,320	62.53%
Generali OFE	1,461,659 ⁽²⁾	6.35%	1,461,659	6.35%
PKO Bankowy OFE	1,812,038 ⁽³⁾	7.87%	1,780,786	7.73%
Other	5,356,066 ⁽⁴⁾	23.26%	5,387,318	23.39%
Total	23,030,083	100	23,030,083	100

(1) Publication of the last interim report (Consolidated Report of the Group for the first quarter of 2023): 17 May 2023.

(2) Shareholding on the basis of the notice of exceeding 5% of the total number of votes received on 25 July 2023. According to the Company's best knowledge, the information is valid at the date of publication of this report.

(3) Shareholding on the basis of information provided by the Central Securities Depository of Poland for the purposes of the Ordinary General Meeting of ZUE held on 7 June 2023. According to the Company's best knowledge, the information is valid at the date of publication of this report.

(4) Contains 264,652 ZUE shares repurchased by the Company as part of the buy-back of own shares.

18. Shares and powers held by members of the Issuer's management and supervisory bodies

According to the information held by the Management Board of ZUE at this report preparation date, ZUE shares were held by the following members of the Issuer's management and supervisory bodies.

Shareholder	Position at ZUE	Number of shares/votes at 22 August 2023	Nominal value (PLN)	% of share capital / total number of votes	Changes in shareholding since the publication of the last interim report ⁽¹⁾
Wiesław Nowak	Management Board President	14,400,320	3,600,080	62.53	None
Marcin Wiśniewski	Management Board Vice-President	2,300	575	0.01	None
Jerzy Czeremuga	Management Board Vice-President	136	34	< 0.01	None
Maciej Nowak	Management Board Vice-President	7,806	1,951.50	0.03	None

1) Publication of the last interim report (Consolidated Report of the Group for the first quarter of 2023): 17 May 2023.

According to the best knowledge of the Company's Management Board, other members of the Issuer's Management or Supervisory Boards did not hold any ZUE shares at this report preparation date.

No members of the Management Board or the Supervisory Board had any rights to acquire the Company shares at the date of preparation of the last interim report or this report.

No members of the Management Board or the Supervisory Board had any shares in companies within the Capital group at the date of publication of the last interim report or at the date of preparation of this report.

19. Employment at the Capital Group

As at 30 June 2023, the Capital Group employed 942 people. 830 people were employed by ZUE, 39 people were employed by BPK Poznań, 11 people were employed by Railway gft and 62 people were employed by Energopol.

20. Court and administrative proceedings

The pending court proceedings are related to the companies' operating activities.

Below please find the information about major proceedings before the court or another authority concerning the Group's claims and liabilities.

Major pending court proceedings concerning liabilities:

There are no pending court proceedings concerning liabilities.

Major pending court proceedings concerning claims:

Court case concerning the following project: "Modernisation of the railway line no. 8, construction of the Okęcie airport siding."

On 29 September 2016, the Petitioner (PORR Polska Infrastructure; i.e. former BILFINGER INFRASTRUCTURE S.A., ZUE, Przedsiębiorstwo Budowy Kopalń PEBEKA S.A., Przedsiębiorstwo Napraw i Utrzymania Infrastruktury Kolejowej w Krakowie Sp. z o.o. and Kolejowe Zakłady Automatyki Katowice S.A.) sued the Defendant (PKP Polskie Linie Kolejowe S.A.) for PLN 11.5m (out of which PLN 2.9m plus statutory interest was payable to ZUE) after additional works had been carried out for the Defendant and expenses had been incurred during the extended completion time. The lawsuit concerned the construction contract of 27 October 2009 between the Petitioner (the Contractor) and the Defendant (the Contracting Authority) for the modernisation of the railway line no. 8. Stage I: the Warszawa Zachodnia – Warszawa Okęcie section and the construction of the Warszawa Służewiec – Okęcie Airport siding. Phase 3: construction works on the siding as part of the Infrastructure and Environment Operational Programme (IEOP) 7.1-18: "Modernisation of the railway line no. 8, construction of the Okęcie Airport siding."

An expert opinion was prepared according to which the Petitioner's claims were to a considerable extent well-grounded. There were also other opinions and the arguments contained therein were basically the same as those contained in the first opinion. The date of the last trial was 1 June 2023 and the date of the next trial was not yet set by the Court.

Court case concerning the following project: "Design services and completion of construction works on the Cracow – Medyka – state border railway line, the Biadoliny – Tarnów section between 61,300 km and 80,200 km as part of the following project: "Modernisation of E 30/C-E 30 railway line, the Cracow – Rzeszów section, stage III."

On 30 December 2016, the consortium of:

- 1) OHL ŽS, a.s. (Leader);
- 2) Swietelsky Baugesellschaft m.b.H; and
- 3) ZUE (hereinafter referred to as the "Consortium" or the "Contractor")

sued PKP Polskie Linie Kolejowe S.A. of Warsaw (the "Contracting Authority"). The lawsuit covered the claims arising from the performance of the following contract: "Design services and completion of construction works on the Cracow – Medyka – state border railway line, the Biadoliny – Tarnów section between 61,300 km and 80,200 km as part of the following project: "Modernisation of E 30/C-E 30 railway line, the Cracow – Rzeszów section, stage III" (the "Contract").

The value in litigation (the "Amount") was PLN 39.3m and included:

- 1) PLN 1.2m – costs relating to the requirement to extend the performance bond and insurance provided by the Contractor; and

2) PLN 38.1m – fixed costs relating to the performance of works over the extended period.

The Company's total share in the Amount was approx. PLN 15.7m.

On 11 March 2019, the Court delivered the partial judgment whereby it ordered that PKP Polskie Linie Kolejowe S.A. pay ZUE PLN 347 thousand plus statutory default interest from 21 December 2016 to the date of payment and dismissed ZUE's claim concerning the payment of PLN 283 thousand plus statutory interest from 21 December 2016. The Parties appealed against the judgment. The Petitioner appealed against the dismissal of the claim of PLN 283 thousand plus statutory interest and the Defendant appealed against the order to pay PLN 347 thousand plus statutory interest. The appeal hearing referring to the partial judgment was held on 13 February 2020. On 27 February 2020, the appeals were dismissed by the Court of Appeals and the partial judgment became final and binding.

The Court admitted the expert evidence which complied, to a considerable extent, with the Petitioners' arguments and was delivered to the Parties. There was also a supplementary opinion whose content was basically the same as that of the first expert opinion. On 6 June 2023, the Court delivered the judgment whereby PKP Polskie Linie Kolejowe S.A. was ordered to pay the Company PLN 8.4m plus statutory default interest from 21 December 2016 to the date of payment and the remaining claims were dismissed. The reasons for the judgment are being analysed by the Company as the Company may consider the appeal.

Second court case concerning the following project: "Design services and completion of construction works on the Cracow – Medyka – state border railway line, the Biadoliny – Tarnów section between 61.300 km and 80.200 km as part of the following project: "Modernisation of E 30/C-E 30 railway line, the Cracow – Rzeszów section, stage III."

On 5 June 2023, the consortium of:

- 1) OHL ŽS, a.s. (Leader);
- 2) Swietelsky Baugesellschaft m.b.H; and
- 3) ZUE (hereinafter referred to as the "Consortium" or the "Contractor");

sued PKP Polskie Linie Kolejowe S.A. of Warsaw (the "Contracting Authority"). The lawsuit covered the claims arising from the performance of the following construction contract: "Design services and completion of construction works on the Cracow – Medyka – state border railway line, the Biadoliny – Tarnów section between 61,300 km and 80,200 km as part of the following project: "Modernisation of E 30/C-E 30 railway line, the Cracow – Rzeszów section, stage III" (the "Contract"). The value in litigation (the "Amount") was PLN 44.9m and included:

- 1) approx. PLN 2.2m – costs relating to the requirement to extend the performance bond and insurance provided by the Contractor; and
- 2) PLN 42.7m – fixed costs relating to the performance of works over the extended period.

The Company's total share in the Amount was approx. PLN 7m.

Court case concerning the contract claim

On 28 April 2020, the claim of approx. PLN 34.8m was lodged against PKP PLK S.A. with the District Court in Warsaw to increase/pay the remuneration relating to the performance of the following contract: "Works on the railway line no. 1 of the Częstochowa – Zawiercie section." The case is pending. The parties exchange the pleadings. The Defendant (PKP PLK S.A.), represented by the General Counsel to the Republic of Poland, responded to the claim and applied for the dismissal thereof. The Petitioner upheld the claim. The parties and witnesses were heard and the proceedings are pending. An expert opinion was prepared by the Institute for Construction Analyses. The Company made objections by the specified deadline and applied for a supplementary opinion.

Other court cases concerning inflation claims in respect of railway contracts

The Group had previously declared its intention to make contractual claims relating to railway projects in order to increase the amount of remuneration payable to the contractor for the performance of the railway contracts in case of any risks beyond the contractor's control. Accordingly, the Issuer and consortium members lodged the four

claims in December 2021 in the total amount (attributable to ZUE S.A.) of approx. PLN 19m. The claims concern the following projects:

- | Provision of design services and completion of construction works in connection with the following project: "Works on the ring rail line in Warsaw (the Warszawa Gołębki/Warszawa Zachodnia – Warszawa Gdańska section);"
- | "Works on the railway line E20 of the Warszawa-Poznań section – other works, the Sochaczew-Swarzędz section;"
- | "Preparation of building and detailed designs and the completion of LOT B works as part of "design-build" project in connection with the Infrastructure and Environment Operational Programme (IEOP) 7.1-19.1.a: "Upgrade of the railway line no. 8 of the Warszawa Okęcie – Radom (LOT A, B, F) section" – Phase II;"
- | "Works on the railway lines no. 140, 148, 157, 159, 173, 689, 691 of the Chybie – Żory – Rybnik – Nędza / Turze section."

The Defendant responded to all of the claims and applied for the dismissal thereof. The Petitioner responded to the Defendant's statements and the exchange of pleadings between the parties came to an end. The date of the next trial concerning the project named: "Preparation of building and detailed designs and the completion of LOT B works as part of "design-build" project in connection with the Infrastructure and Environment Operational Programme (IEOP) 7.1-19.1.a: "Upgrade of the railway line no. 8 of the Warszawa Okęcie – Radom (LOT A, B, F) section" – Phase II" was set for 25 September 2023. The date of the trial concerning the project named: "Works on the railway lines no. 140, 148, 157, 159, 173, 689, 691 of the Chybie – Żory – Rybnik – Nędza / Turze section" was set for 28 August 2023. The date of the trial concerning the project named: "Works on the railway line E20 of the Warszawa-Poznań section – other works, the Sochaczew-Swarzędz section" was set for 21 September 2023. The date of the trial concerning the project named: Provision of design services and completion of construction works in connection with the following project: "Works on the ring rail line in Warsaw (the Warszawa Gołębki/Warszawa Zachodnia – Warszawa Gdańska section)" was not yet set.

Two inflation claims in the total amount of approximately PLN 8m were made by the Issuer in December 2022. The claims concerned the following projects:

- | Protection of civil structures on the Dęblin – Lublin section as part of the project named: "Works on the Warszawa Wschodnia Osobowa – Dorohusk railway line no. 7 of the Warszawa – Otwock – Dęblin – Lublin section, stage I on the railway line no. 7;" and
- | Preparation of design documentation and completion of construction works in connection with a "design-build" contract as part of the Infrastructure and Environment Operational Programme (IEOP) 5.1-16 "Improvement of capacity of E 20 railway line of the Warszawa – Kutno section, Stage I: Works on the railway line no. 3 of the Warszawa – the Łowicz Local Traffic Control Centre (LCS) section."

The Court delivered to the Defendant a copy of the claim concerning the following project: Preparation of design documentation and completion of construction works in connection with a "design-build" contract as part of the Infrastructure and Environment Operational Programme (IEOP) 5.1-16 "Improvement of capacity of E 20 railway line of the Warszawa – Kutno section, Stage I: Works on the railway line no. 3 of the Warszawa – the Łowicz Local Traffic Control Centre (LCS) section. The Defendant responded to the claim. The Petitioner is waiting to become obliged by the Court to respond to the Defendant's arguments. For the second case, the Court ordered that a copy of the claim be delivered.

Other court cases concerning inflation claims in respect of urban contracts

In November 2022, the Issuer and the consortium members, namely Energopol and Przedsiębiorstwo Inżynieryjne "IMB-Podbeskidzie" Sp. z o.o., made an inflation claim relating to the urban project named: "Extension of the Igołomska Street, the national road no. 79 – Stage 2 together with the infrastructure in Cracow" managed by the City of Cracow, the Defendant. ZUE's claim amounts to approximately PLN 6m. The Defendant responded to the claim and applied for the claim to be dismissed. The exchange of pleadings between the parties came to an end. Witnesses were obliged by the Court to respond in writing to questions asked by the parties. The date of the trial was not yet set.

FINANCIAL INFORMATION

Current situation of the markets in which the Issuer operates and winning of new contracts

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. ZUE is helping Energopol rebuild its market position. Energopol started from a zero level at the beginning of the year but managed to obtain several 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.

21. Discussion of major items of the profit and loss account

The Group's revenue grew 45% year on year in the first half of 2023. Gross margin reported by the Group was 3.5% (ZUE reported gross margin of 2.9% and year-on-year increase in revenue by 47%).

Comparison of the results reported by the Group and ZUE:

	Group		ZUE	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Sales revenue	541,707	373,224	491,895	334,020
Cost of sales	522,926	352,231	477,774	318,088
Gross profit (loss) on sales	18,781	20,993	14,121	15,932
Gross margin	3.5%	5.6%	2.9%	4.8%
General and administrative expenses	14,274	12,472	11,211	9,797
Other operating income	1,859	1,241	1,852	1,210
Other operating expenses	393	831	274	808
Operating profit (loss) (EBIT**)	5,973	8,931	4,488	6,537
EBIT margin	1.1%	2.4%	0.9%	2.0%
EBITDA*, **	13,312	15,638	11,323	13,156
EBITDA margin	2.5%	4.2%	2.3%	3.9%
Financial income	1,526	3,755	3,701	3,936
Financial expenses	1,761	882	1,917	664
Pre-tax profit (loss)	5,738	11,804	6,272	9,809
Income tax	1,439	2,197	1,763	1,771
Net profit (loss) from continuing operations	4,299	9,607	4,509	8,038
Net profit (loss)	4,299	9,607	4,509	8,038
net margin	0.8%	2.6%	0.9%	2.4%

* Operating profit + depreciation / amortisation.

** EBIT, EBITDA measures unspecified by the IFRS.

The Group's financial expenses increased by 100% compared to the analogous period of 2022. The Group's financial expense ratio was at the optimum level of 0.3%.

22. Discussion of major balance sheet items

The following table sets out the items of the consolidated and separate statement of financial position as at 30 June 2023 compared to the figures reported as at 31 December 2022.

Item	Group		ZUE	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
PLN '000				
ASSETS				
Non-current assets				
Property, plant and equipment	71,724	72,128	67,033	67,945
Investment property	15,790	16,095	9,379	9,615
Intangible assets	2,776	2,491	2,767	2,479
Right-of-use assets	35,313	33,234	34,464	32,360
Goodwill	31,172	31,172	31,172	31,172
Investments in subordinates	328	328	6,140	4,440
Retentions on construction contracts	33,469	21,882	33,289	21,714
Deferred tax assets	17,389	19,110	17,059	18,784
Advanced loans	4,117	2,931	4,117	2,931
Other financial assets	144	62	0	0
Total non-current assets	212,222	199,433	205,420	191,440
Current assets				
Inventories	63,614	81,667	49,903	61,408
Trade and other receivables	170,421	170,637	157,889	159,699
Valuation of long-term construction contracts	143,120	128,191	133,883	119,207
Retentions on construction contracts	16,020	16,668	15,886	15,563
Advance payments	10,720	12,043	11,108	12,341
Current tax assets	35	0	0	0

Advanced loans	0	1,186	5,640	4,736
Other assets	1,840	1,618	1,509	1,164
Cash and cash equivalents	30,096	63,251	28,940	60,256
Total current assets	435,866	475,261	404,758	434,374
Total assets	648,088	674,694	610,178	625,814

Item PLN '000	Group		ZUE	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
EQUITY AND LIABILITIES				
Equity				
Share capital	5,758	5,758	5,758	5,758
Share premium account	93,837	93,837	93,837	93,837
Treasury shares	-2,690	-2,690	-2,690	-2,690
Retained earnings	84,918	82,476	78,613	75,803
Total equity attributable to shareholders of the parent	181,823	179,381	-	-
Equity attributable to non-controlling interests	1,475	1,387	-	-
Total equity	183,298	180,768	175,518	172,708
Non-current liabilities				
Long-term loans and bank credits	9,130	8,696	9,130	8,696
Long-term lease liabilities	15,720	15,212	13,128	12,563
Retentions on construction contracts	14,783	16,337	13,811	15,376
Liabilities under employee benefits	1,942	1,801	1,740	1,628
Deferred tax liabilities	837	1,322	0	0
Long-term provisions	17,219	16,002	16,477	15,093
Total non-current liabilities	59,631	59,370	54,286	53,356
Current liabilities				
Trade and other payables	152,376	150,676	140,724	130,625
Accruals	99,607	91,065	94,188	85,586
Valuation of long-term construction contracts	17,343	47,775	17,268	47,453
Retentions on construction contracts	23,749	21,226	22,415	19,916
Advance payments	26,678	31,217	26,499	30,191
Short-term loans and bank credits	19,212	19,639	15,870	16,304
Short-term lease liabilities	4,544	5,070	4,482	4,995
Other financial liabilities	1,630	36	1,630	36
Liabilities under employee benefits	48,655	50,355	45,971	47,343
Current tax liabilities	0	131	0	12
Short-term provisions	11,365	17,366	11,327	17,289
Total current liabilities	405,159	434,556	380,374	399,750
Total liabilities	464,790	493,926	434,660	453,106
Total equity and liabilities	648,088	674,694	610,178	625,814

As at 30 June 2023, the Group's total assets and liabilities stood at PLN 648,088 thousand. ZUE's total assets and liabilities amounted to PLN 610,178 thousand.

Major changes to the Group's total assets and liabilities:

Item	PLN '000		
	Change compared to 31.12.2022	Balance at 30.06.2023	Description
Assets			
Retentions on construction contracts	11,587	33,469	Increase in types of security relating to performed contracts.
Inventories	-18,053	63,614	Use of the building materials required to perform the contracts and bought previously to provide security in connection with growing prices.

Cash and cash equivalents	-33,155	30,096	Use of own resources to conduct operating activities.
Liabilities			
Short-term provisions	-6,001	11,365	Accounting for certain works.
Valuation of long-term construction contracts	-30,432	17,343	Difference between invoiced works under contracts and recognised sales.
Other financial liabilities	1,594	1,630	Obligation arising under a decision of the Company's General Meeting to pay dividend for 2022.

23. Discussion of items of the statement of cash flows

The Group's negative cash flows from operating activities were mainly influenced by the change in valuation of construction contracts (PLN 45,361 thousand) and the change in receivables and retentions on construction contracts PLN (10,812 thousand).

Negative cash flows from financing activities mainly result from a decrease in lease liabilities and interest on loans and leases.

Item PLN '000	Group		ZUE	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Cash flows from operating activities	-25,388	-38,491	-22,617	-38,791
Cash flows from investing activities	-2,869	-434	-4,056	-216
Cash flows from financing activities	-4,880	-12,661	-4,625	-12,302
Total net cash flows	-33,137	-51,586	-31,298	-51,309
Exchange differences	-18	25	-18	25
Cash and cash equivalents at the beginning of the period	63,251	108,736	60,256	106,612
Cash and cash equivalents at the end of the period	30,096	57,175	28,940	55,328

24. Management of capital

The Group reviews the capital structure for the purpose of the financing of major contracts/orders. The Group analyses own resources, the schedule of contract/order financing, the cost of capital and the risks associated with each class of the capital.

Credits, loans, leases, trade credit and prepaid deliveries used by the Group.

Class of capital	30.06.2023	31.12.2022
Long- and short-term loans and bank credits	28,342	28,335
Long- and short-term lease liabilities	20,264	20,282
Other long- and short-term lease liabilities	1,630	36
Total financial liabilities	50,236	48,653
Cash and cash equivalents	30,096	63,251
Net debt	20,140	-14,598
Equity	183,298	180,768

Net debt to equity	11%	-8%
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25. Analysis of ratios

The information on the following ratios is monitored on a cyclical basis and presented in subsequent interim reports. The definitions of alternative measurements and calculation methodologies have been presented below and they are consistent with selected alternative measurements contained on the Issuer's website.

25.1. Debt ratios

Item	Group		ZUE		Calculation rules
	30.06.2023	31.12.2022	30.06.2023	31.12.2022	
Net debt	20,140	-14,598	15,300	-17,662	(Long- and short-term loans and bank credits and other financing sources + long- and short-term other financial liabilities) – cash and cash equivalents – other financial assets
Debt ratio	0.7	0.7	0.7	0.7	(non-current and current liabilities + provisions for liabilities) / total assets
Debt to equity ratio	2.5	2.7	2.5	2.6	(non-current and current liabilities) / equity
Equity to assets ratio	0.3	0.3	0.3	0.3	equity / total assets
Fixed capital to non-current assets ratio	1.1	1.2	1.1	1.2	(equity + non-current liabilities) / non-current assets
Short-term debt ratio	0.6	0.6	0.6	0.6	current liabilities / total assets
Long-term debt ratio	0.3	0.3	0.3	0.3	non-current liabilities / equity
Interest coverage ratio	4.2	11.4	3.6	6.6	EBIT / interest paid

25.2. Liquidity ratios

Item	Group		ZUE		Calculation rules
	30.06.2023	31.12.2022	30.06.2023	31.12.2022	
Working capital	30,707	40,705	24,384	34,624	current assets – current liabilities
Current ratio	1.1	1.1	1.1	1.1	current assets / current liabilities
Quick ratio	0.9	0.9	0.9	0.9	(current assets – inventory) / current liabilities
Cash ratio	0.07	0.15	0.08	0.15	cash and cash equivalents / current liabilities

25.3. Financing structure ratios

Item	Group		ZUE		Calculation rules
	30.06.2023	31.12.2022	30.06.2023	31.12.2022	
Equity to assets	0.3	0.3	0.3	0.3	equity / total assets
Equity to non-current assets	0.9	0.9	0.9	0.9	equity / non-current assets
Debt ratio	0.7	0.7	0.7	0.7	(total assets - equity) / total assets
Debt to equity ratio	2.5	2.7	2.5	2.6	(total assets - equity) / equity

25.4. Profitability ratios

Item	Group		ZUE		Calculation rules
	30.06.2023	31.12.2022	30.06.2023	31.12.2022	
Gross profit margin	3.5%	4.6%	2.9%	3.5%	gross profit / revenue
EBITDA margin	2.5%	3.5%	2.3%	2.6%	EBITDA / revenue
EBIT margin	1.1%	2.0%	0.9%	1.0%	EBIT / revenue
Gross margin	1.1%	2.4%	1.3%	1.6%	gross profit / (revenue + other operating income + other financial income + extraordinary gains)
Net margin	0.8%	1.8%	0.9%	1.2%	net profit / (revenue + other operating income + other financial income + extraordinary gains)
ROA	0.7%	2.6%	0.7%	1.6%	net income / total assets
ROE	2.41%	10.57%	2.65%	6.3%	net income / equity

26. Discussion of results reported by segments

The total amount of revenue generated by the Group is PLN 541,707 thousand. 90% of the revenue is derived from construction activity.

	Construction	Sales	Design	Exclusions	Total
Sales revenue	498,919	50,217	4,356	-11,785	541,707
Gross profit on sales	15,015	2,662	1,029	75	18,781
Net profit	4,897	851	57	-1,506	4,299

More information about results reported by the segments is contained in the consolidated financial statements for the six months ended 30 June 2023.

27. Statement by the Management Board of ZUE on financial projections

The Company did not publish any financial projections for the financial year 2023.

28. Unusual factors and events with significant influence on the Group's results

In the reporting period, there were no unusual factors or events with significant influence on the Group's results other than specified in this report.

29. Other information significant for the assessment of the Issuer's position

The Management Board of ZUE believe that there is no information significant for the assessment of the staff or economic position, profit or loss or any changes therein, or information significant for the assessment of the Company's or the Group's ability to perform their obligations other than presented in this report or the financial statements for H1 2023.

STATEMENT BY THE MANAGEMENT BOARD OF ZUE S.A.

30. Statement of compliance

The Management Board of ZUE state that according to their best knowledge, the half-yearly condensed financial statements for H1 2023 and the comparative information have been prepared in accordance with applicable accounting principles and give a true and fair view of the economic and financial position of both the Company and the Group and their financial performance. The half-yearly report on the activities of the Capital Group contains a true view of the Group's development and achievements and the Group's standing, including the description of fundamental risks and threats.

Wiesław Nowak – Management Board President

Anna Mroczek – Management Board Vice-President

Jerzy Czeremuga – Management Board Vice-President

Maciej Nowak – Management Board Vice-President

Marcin Wiśniewski – Management Board Vice-President

Cracow, 22 August 2023