



ZUE Capital Group

**CONSOLIDATED QUARTERLY REPORT
FOR 3 MONTHS ENDED 31 MARCH 2024**

Cracow, 15 May 2024

Content of the consolidated quarterly report:

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

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.
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 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. Subsidiary of ZUE.
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.
PLN	Polish złoty.
EUR	Euro.
RON	Romanian leu.
Act	Polish Companies Act (Consolidated text, Journal of Laws of 2024, item 18).

Share capital details as at 31 March 2024.

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I. Selected financial information of the Capital Group

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

	31-03-2024	31-03-2024	31-12-2023	31-12-2023
	PLN '000	EUR '000	PLN '000	EUR '000
Non-current assets	192,523	44,764	193,382	44,476
Current assets	625,748	145,492	741,979	170,648
Total assets	818,271	190,256	935,361	215,124
Equity	201,007	46,736	200,075	46,015
Non-current liabilities	94,688	22,016	113,119	26,016
Current liabilities	522,576	121,504	622,167	143,093
Total equity and liabilities	818,271	190,256	935,361	215,124

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

	3 months ended 31 March 2024		3 months ended 31 March 2023	
	PLN '000	EUR '000	PLN '000	EUR '000
Sales revenue	316,182	73,172	249,287	53,034
Cost of sales	303,616	70,264	240,766	51,221
Gross profit (loss) on sales	12,566	2,908	8,521	1,813
Operating profit (loss)	5,705	1,320	1,913	407
Gross profit (loss)	3,006	696	2,010	428
Net profit (loss) from continuing operations	932	216	1,190	253
Total comprehensive income	932	216	1,190	253

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

	3 months ended 31 March 2024		3 months ended 31 March 2023	
	PLN '000	EUR '000	PLN '000	EUR '000
Cash flows from operating activities	-180,646	-41,806	-29,598	-6,297
Cash flows from investing activities	1,256	291	-1,062	-226
Cash flows from financing activities	-8,408	-1,946	-2,308	-491
Total net cash flows	-187,798	-43,461	-32,968	-7,014
Cash at the beginning of the period	223,555	51,416	63,251	13,487
Cash at the end of the period	35,642	8,287	30,248	6,469

Rules adopted to translate selected financial information into EUR:

Items	Exchange rate	31-03-2024	31-12-2023	31-03-2023
Items of assets, equity and liabilities	Mid exchange rate prevailing at the end of the reporting period	4.3009	4.3480	n/a
Items of the statement of profit or loss and the 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	4.3211	n/a	4.7005

"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	4.3009	4.3480	4.6755
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II. Selected financial information of ZUE S.A.

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

	31-03-2024	31-03-2024	31-12-2023	31-12-2023
	PLN '000	EUR '000	PLN '000	EUR '000
Non-current assets	185,736	43,186	186,390	42,868
Current assets	599,197	139,319	722,662	166,206
Total assets	784,933	182,505	909,052	209,074
Equity	194,081	45,126	192,986	44,385
Non-current liabilities	89,676	20,851	107,968	24,832
Current liabilities	501,176	116,528	608,098	139,857
Total equity and liabilities	784,933	182,505	909,052	209,074

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

	3 months ended 31 March 2024		3 months ended 31 March 2023	
	PLN '000	EUR '000	PLN '000	EUR '000
Sales revenue	297,137	68,764	222,712	47,380
Cost of sales	286,136	66,218	215,857	45,922
Gross profit (loss) on sales	11,001	2,546	6,855	1,458
Operating profit (loss)	5,389	1,247	1,894	403
Gross profit (loss)	3,161	732	2,318	493
Net profit (loss) from continuing operations	1,095	253	1,212	258
Total comprehensive income	1,095	253	1,212	258

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

	3 months ended 31 March 2024		3 months ended 31 March 2023	
	PLN '000	EUR '000	PLN '000	EUR '000
Cash flows from operating activities	-177,909	-41,172	-29,644	-6,307
Cash flows from investing activities	3,403	788	-755	-161
Cash flows from financing activities	-8,231	-1,905	-2,215	-471
Total net cash flows	-182,737	-42,289	-32,614	-6,939
Cash at the beginning of the period	212,159	48,795	60,256	12,848
Cash at the end of the period	29,307	6,814	27,607	5,905

Rules adopted to translate selected financial information into EUR:

Items	Exchange rate	31-03-2024	31-12-2023	31-03-2023
Items of assets, equity and liabilities	Mid exchange rate prevailing at the end of the reporting period	4.3009	4.3480	n/a

Items of the statement of profit or loss and the 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	4.3211	n/a	4.7005
"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	4.3009	4.3480	4.6755



ZUE Capital Group

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR 3 MONTHS ENDED 31 MARCH 2024

Cracow, 15 May 2024

III. Condensed consolidated financial statements of the Capital Group

Consolidated statement of comprehensive income

Continuing operations	Note	3 months ended	3 months ended
		31-03-2024	31-03-2023
Sales revenue	4.3.1.	316,182	249,287
Cost of sales	4.3.2.	303,616	240,766
Gross profit (loss) on sales		12,566	8,521
General and administrative expenses	4.3.2.	7,888	6,799
Other operating income	4.3.3.	1,356	535
Other operating expenses	4.3.4.	329	344
Operating profit (loss)		5,705	1,913
Finance income	4.3.5.	526	715
Finance costs	4.3.6.	3,225	618
Pre-tax profit (loss)		3,006	2,010
Income tax	4.3.7.	2,074	820
Net profit (loss) from continuing operations		932	1,190
Net profit (loss)		932	1,190
Other net comprehensive income			
Items that will not be reclassified subsequently to profit or loss:		0	0
Actuarial gains (losses) relating to defined benefit plans		0	0
Other total net comprehensive income		0	0
Total comprehensive income		932	1,190
Number of shares		23,030,083	23,030,083
Consolidated net profit attributable to:			
Shareholders of the Parent Company		960	1,112
Non-controlling interests		-28	78
Net profit (loss) per share (PLN) attributable to shareholders of the Parent Company (basic and diluted)		0.04	0.05
Total comprehensive income attributable to:			
Shareholders of the Parent Company		960	1,112
Non-controlling interests		-28	78

Consolidated statement of financial position

ASSETS	Note	31-03-2024	31-12-2023
Non-current assets			
Property, plant and equipment		68,612	70,774
Investment property		15,734	15,911
Intangible assets		2,315	2,466
Right-of-use assets		42,746	39,689
Goodwill	4.7.1.	31,172	31,172
Investments in subordinates		328	328
Retentions on construction contracts		7,741	7,129
Deferred tax assets	4.3.7.	19,624	21,704
Advanced loans		4,117	4,117
Other financial assets		134	92
Total non-current assets		192,523	193,382
Current assets			
Inventories		64,966	70,361
Trade and other receivables	4.5.1.	159,528	172,387
Valuation of long-term construction contracts	4.4.1.	330,733	243,801
Retentions on construction contracts		23,397	20,013
Advances		8,995	10,650
Current tax assets	4.3.7.	820	190
Advanced loans		0	0
Other assets		1,667	1,022
Cash and cash equivalents		35,642	223,555
Total current assets		625,748	741,979
Total assets		818,271	935,361

EQUITY AND LIABILITIES	Note	31-03-2024	31-12-2023
Equity			
Share capital		5,758	5,758
Share premium account		93,837	93,837
Treasury shares		-2,690	-2,690
Retained earnings		102,718	101,758
Total equity attributable to shareholders of the parent company		199,623	198,663
Equity attributable to non-controlling interests		1,384	1,412
Total equity		201,007	200,075
Non-current liabilities			
Long-term loans and bank credits	4.6.1.	26,515	47,015
Long-term lease liabilities	4.6.2.	24,054	24,997
Retentions on construction contracts		19,212	17,777
Liabilities under employee benefits		2,056	2,056
Deferred tax liabilities	4.3.7.	661	667
Long-term provisions	4.4.2.	22,190	20,607
Total non-current liabilities		94,688	113,119
Current liabilities			
Trade and other payables	4.5.2.	137,552	208,557
Accruals	4.4.4.	189,186	198,714
Valuation of long-term construction contracts	4.4.1.	31,588	48,154
Retentions on construction contracts		29,961	33,103
Advances		31,062	43,330
Short-term loans and bank credits	4.6.1.	28,550	10,550
Short-term lease liabilities	4.6.2.	6,669	6,743
Other financial liabilities		36	36
Liabilities under employee benefits		54,270	53,092
Current tax liabilities	4.3.7.	0	4,290
Short-term provisions	4.4.2.	13,702	15,598
Total current liabilities		522,576	622,167
Total liabilities		617,264	735,286
Total equity and liabilities		818,271	935,361

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
Balance at 1 January 2024	5,758	93,837	-2,690	101,758	198,663	1,412	200,075
Change of interest in subsidiaries	0	0	0	0	0	0	0
Dividend	0	0	0	0	0	0	0
Issue of shares	0	0	0	0	0	0	0
Issue costs	0	0	0	0	0	0	0
Repurchase of shares	0	0	0	0	0	0	0
Profit (loss)	0	0	0	960	960	-28	932
Other net comprehensive income	0	0	0	0	0	0	0
Total changes in equity	0	0	0	960	960	-28	932
Balance at 31 March 2024	5,758	93,837	-2,690	102,718	199,623	1,384	201,007

	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
Balance at 1 January 2023	5,758	93,837	-2,690	82,476	179,381	1,387	180,768
Change of interest in subsidiaries	0	0	0	0	0	0	0
Dividend	0	0	0	0	0	0	0
Issue of shares	0	0	0	0	0	0	0
Issue costs	0	0	0	0	0	0	0
Repurchase of shares	0	0	0	0	0	0	0
Profit (loss)	0	0	0	1,112	1,112	78	1,190
Other net comprehensive income	0	0	0	0	0	0	0
Total changes in equity	0	0	0	1,112	1,112	78	1,190
Balance at 31 March 2023	5,758	93,837	-2,690	83,588	180,493	1,465	181,958

	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
Balance at 1 January 2023	5,758	93,837	-2,690	82,476	179,381	1,387	180,768
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
Repurchase of shares	0	0	0	0	0	0	0
Profit (loss)	0	0	0	21,032	21,032	95	21,127
Other net comprehensive income	0	0	0	-156	-156	0	-156
Total changes in equity	0	0	0	19,282	19,282	25	19,307
Balance at 31 December 2023	5,758	93,837	-2,690	101,758	198,663	1,412	200,075

Consolidated statement of cash flows

	3 months ended 31-03-2024	3 months ended 31-03-2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before tax	3,006	2,010
Adjustments for:		
Depreciation and amortisation	3,769	3,555
Foreign exchange gains / (losses)	115	35
Interest and share in profit (dividends)	571	117
Gain / (loss) on disposal of investments	-927	-121
Operating profit (loss) before changes in working capital	6,534	5,596
Change in receivables and retentions on construction contracts	8,955	13,579
Change in inventories	5,395	7,130
Change in provisions and liabilities under employee benefits	863	-1,749
Change in payables and retentions on construction contracts	-73,189	-41,346
Change in valuation of construction contracts	-103,498	-1,083
Change in accruals	-9,528	-6,843
Change in advances	-10,613	-4,698
Change in other assets	-645	-11
Income tax paid / (tax refund)	-4,920	-173
NET CASH FROM OPERATING ACTIVITIES	-180,646	-29,598
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of property, plant and equipment and intangible assets	1,161	129
Purchase of property, plant and equipment and intangible assets	-394	-1,541
Repayment of advanced loans	18	22
Interest received	471	328
NET CASH FROM INVESTING ACTIVITIES	1,256	-1,062
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans and bank credits	-2,500	0
Decrease in lease liabilities	-4,606	-1,536
Lease interest paid	-931	-688
Other interest paid	-371	-84
NET CASH FLOWS FROM FINANCING ACTIVITIES	-8,408	-2,308
TOTAL NET CASH FLOWS	-187,798	-32,968
Net foreign exchange differences	-115	-35
TOTAL NET CASH FLOWS NET OF FOREIGN EXCHANGE DIFFERENCES	-187,913	-33,003
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	223,555	63,251
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, including:	35,642	30,248
- of limited availability	6,449	6,740

Notes to the condensed consolidated financial statements of the Capital Group

1. General information

1.1. Composition of the Capital Group

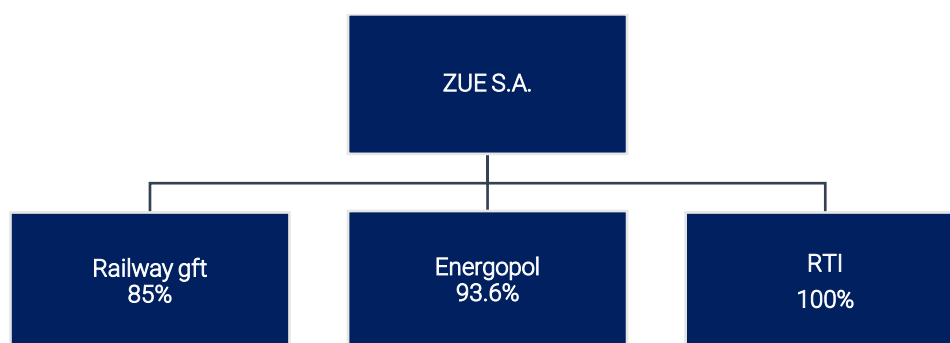
At the end of the reporting period, the Capital Group was composed of ZUE S.A. (the Parent Company), Railway Technology International Sp. z o.o., Railway gft Polska Sp. z o.o. and Przedsiębiorstwo Budownictwa Inżynierskiego Energopol Sp. z o.o.

ZUE Spółka Akcyjna with registered office in Cracow, the Kazimierza Czapińskiego Street no. 3, is the Parent Company of the Capital Group.

The Company was established on 20 May 2002. 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 0000135388.

Apart from being the provider of construction services, ZUE is the Parent Company responsible for coordinating the operation of the subsidiaries and optimising the Capital Group's operating expenses through, *inter alia*, the coordination of investment and borrowing policy as well as the management of finances, human resources and the supply of materials. In addition, ZUE's task is to create a uniform trade and marketing policy of the Capital Group and to promote the Group's potential among its customers.

Structure of the Capital Group at the date of preparation of the consolidated financial statements:



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

On 28 October 2022, ZUE's branch in Romania was entered into the Register of Entrepreneurs maintained by the Court in Cluj Napoca. The branch was established to enable the coordination of the Company's operations on the Romanian market.

1.2. Consolidated companies

Consolidated companies as at 31 March 2024:

Company name	Registered office	Interests as at		Consolidation method
		31 March 2024	31 December 2023	
ZUE	Cracow	Parent Company	Parent Company	
Railway gft	Cracow	85%	85%	Full
ENERGOPOL	Cracow	93.6%	93.6%	Full

ZUE has the power to govern the financial and operating policy of Railway gft, RTI and Energopol because as at 31 March 2024, it held a majority stake in the companies.

As at 31 March 2024, ZUE held 100% of shares in Railway Technology International Sp. z o.o. Given an insignificant impact of the subsidiary's financial information on the Group's economic and financial condition, Railway Technology International Sp. z o.o. was not consolidated.

In the comparative period, the consolidation also included the data of BPK Poznań, a subsidiary, whose shares were sold on 10 August 2023.

1.3. Changes in the Group's structure in 2024 and their effects

No major changes to the Group's structure occurred between the beginning of 2024 and the date of approval of these consolidated financial statements.

1.4. Activities of the Capital Group

The Group operates in the two aggregate operating segments:

- ❖ Construction activities conducted by ZUE and Energopol;
- ❖ Sales activities conducted by Railway gft.

Construction activities 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 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.
- ✓ **Road infrastructure**, including:
 - ❖ Execution of road works, bridge and road structures, reinforced concrete structures and other civil structures.

In 2024, the Group's Focus is on the provision of rail, urban and road 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.

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

The financial data of operating segments is presented in the note 4.3.8.

1.5. Functional and reporting currency

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

2. Operational information

2.1. Sales markets

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

ZUE's construction activities are conducted mainly on the urban and rail infrastructure markets. The table below sets out major construction contracts in progress.

Contract*	Contracting authority	Contract net value (PLNm) attributable to ZUE
Completion of construction works as well as preparation of detailed design and completion of construction works in connection with the development of railway traffic control equipment, railway telecommunications network equipment and a dynamic passenger information system on the Będzin - Katowice Szopienice Południowe lines as part of the project: "Works to be carried out on primary passenger services (E 30 and E 65) in Silesia, Stage I: line E 65 on the Będzin - Katowice Szopienice Płd. – Katowice – Katowice Piotrowice lines."	PKP PLK S.A.	785
Preparation of design documentation and completion of construction works as part of "design-build" project 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.	612
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.	528
Design services and construction works in connection with the following project: "Works on the railway line no. 25 of the Skarżysko Kamienna – Sandomierz section" to be executed as part of the Eastern Poland Operational Programme.	PKP PLK S.A.	443
Design and construction services in connection with the project named: "Construction of the Annopol depot."	Tramwaje Warszawskie Sp. z o.o.	437
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 Warsaw-Poznań section – other works, the Sochaczew-Swarzędz section" executed as part of the Connecting Europe Facility (CEF).	PKP PLK S.A.	331
Reconstruction of the tramway track and traction in the Nabrże Wielkie, 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.	223
Construction of the fast tramway from the Kasprzaka Street to Wilanów on the Dworzec Zachodni – the Grójecka hub section.	Tramwaje Warszawskie	147
Maintenance and repair of tram infrastructure in Cracow in 2022-2025.	City of Cracow	121
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 <i>Salwator</i> tram terminus as well as construction of the heat distribution network with connections and construction and reconstruction of the water supply system.	City of Cracow, Wodociągi Miasta Krakowa Miejskie Przedsiębiorstwo Energetyki Ciepłej S.A.	87
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."	Dąbrowa Górnicza/Tramwaje Śląskie S.A.	83

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."		
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 a part 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	71
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 Streets (DW 910) in Dąbrowa Górnicza.	Dąbrowa Górnicza/Tramwaje Śląskie S.A.	66
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 sections.	PKP PLK S.A.	40
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.	40
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.	24
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

ROMANIA		
"Quick Wins" – works carried out in C.F. Braşov area (17 Lot)	"C.F.R." S.A. – C.F. Braşov Regional Branch (Romania)	130
"Quick Wins" – works carried out in C.F. Cluj area (47 Lot)	"C.F.R." S.A. – C.F. Cluj Regional Branch (Romania)	313

* Contracts whose net value exceeds PLN 15m.

2.2. 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 net value of the Group's backlog is PLN 1,647m, including the contracted construction and assembly works performed by ZUE and Energopol worth PLN 1,631m. The backlog relating to the supply of materials and equipment by Railway gft if PLN 16m.

The companies within the Group participate in new tender procedures.

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

Revenue generated by the Group in the first quarter of 2024 amounted to PLN 316,182 thousand – up by 27% compared to the analogous period of 2023 (ZUE: PLN 297,137 thousand – up by 33%). Gross margin reported by the Group was 4% and gross margin reported by the Company was 3.7%.

In 2024, the Company and the consortium member won the tram infrastructure contract worth PLN 294.8m (ZUE - 50%).

Financial results are discussed in detail in no. 4.2.

No major events other than operating events discussed in this report occurred by this report preparation date.

2.4. 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.

2.5. Major events in the reporting

Construction works:

On 20 February 2024, the contract was entered into between the consortium of ZUE (Leader), FABE Polska sp. z o. o. (Partner) and Tramwaje Warszawskie sp. z o.o. for the following project: "Construction of the fast tramway from the Kasprzaka Street to Wilanów on the Dworzec Zachodni – the Grójecka hub section." The Company informed about the selection of the Company's bid as the most economically advantageous tender in the current report 22/2023. Contract net value: PLN 294.8m (ZUE – 50%). Contract gross value: PLN 362.6m. Expected project completion date: 26 months. **(Current report 2/2024)**

Financial issues:

On 4 March 2024, the Company published the preliminary financial results for 2023. **(Current report 3/2024)**

On 28 March 2024, the Company received an annex to the multicurrency credit limit agreement signed by the Company and Alior Bank S.A. Under the annex, the limit granted to the Company was raised from PLN 30m to PLN 50m. **(Current report 4/2024)**

2.6. Major events after the reporting period

On 12 April 2024, the Company's Supervisory Board resolved to appoint Ms. Magdalena Nowak the Vice-President of the Management Board of ZUE. She was also appointed the Vice-CEO. The resolution comes into force on 10 June 2024. **(Current report 5/2024)**

On 22 April 2024, the Company and CaixaBank S.A. Polish Branch signed an annex to the bank bond limit agreement. Under the annex, the limit granted to the Company was raised from PLN 50m to PLN 75m. **(Current report 6/2024)**

On 6 May 2024, 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 2023 of PLN 22,028 thousand in the following manner: 1) The portion of the net profit for the financial year 2023 of PLN 4,781 thousand should be paid as dividend (PLN 0.21 per share); 2) The residual net profit for the financial year 2023 of PLN 17,247 thousand should be allocated to reserve funds. The Company's Supervisory Board gave positive opinion on the Management Board's proposal on 8 May 2024. **(Current report 7/2024 and 8/2024)**

2.7. Bonds, 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 31 March 2024, the amount of available bond lines was PLN 380,879 thousand and EUR 20,000 thousand for the Group and PLN 372,435 thousand and EUR 20,000 thousand for ZUE.

As at 31 March 2024, the amount of available credit lines was PLN 23,366 thousand both for the Group and ZUE.

After the reporting period:

- On 5 April 2024, a subsidiary signed the cooperation agreement for bonds provided by the insurance company within the limit of PLN 3m;
- On 22 April 2024, the Company signed an annex to the bank bond limit agreement whereby the limit granted to the Company was raised from PLN 50m to PLN 75m;
- On 14 May 2024, the Company signed an annex to the master bond limit agreement whereby the limit granted to the Company was raised from PLN 50m to PLN 60m.

At the end of the reporting period, the amount of the loans granted by ZUE (net of write-downs) was PLN 10,257 thousand. At the end of the reporting period, the amount of the loans granted by the Group (net of write-downs) was PLN 4,117 thousand.

No loans or bonds of significant total value were granted or provided in the first quarter of 2024 by the Parent Company or any subsidiary to any single entity outside the Capital Group (or any subsidiary thereof).

2.8. 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.

2.9. Factors which according to the Issuer may have influence on the Group's development and future performance

The factors which may have a bearing on the Group's financial results include:

- Untimely settlement of liabilities to the Group by Contracting Authorities;
- Delays or unfavourable outcome of tender procedures including the Group;
- Unstable prices of raw materials and liquid fuels;
- Higher fees charged by subcontractors;
- Unstable exchange rates; and
- Outcome of court proceedings.

The Management Board Report on the activities of the Parent Company and the Capital Group 2023 contains a detailed discussion of the factors. No significant changes to the catalogue or discussion of the factors have been identified when comparing these financial statements with the information contained in the abovementioned report.

2.10. Risks which according to the Group may have influence on the Group's future performance

- Risk related to financial liquidity in the construction sector;
- Risk related to logistics;
- Risk related to the failure of making construction sites available by the dates specified in contracts;
- Risk related to obtaining administrative decisions, ability to appeal against the administrative decisions and third parties' activities influencing the Group's design or construction services;
- Risk related to the cost estimates of planned and performed contracts;
- Risk related to joint and several liability for the payment of remuneration to subcontractors and consortium members;
- Risk related to improper performance of contracts by key counterparties;
- Risk related to bonds, contractual penalties and the related litigations;
- Risk related to the bankruptcy of counterparties;
- Risk related to the guarantees of payment for construction works;
- Risk related to the change of law, including tax law;
- Risk related to obtaining new contracts;
- Risk related to growing competition;
- Risk related to the terms and procedures of awarding contracts and exclusions from public tenders;
- Risk related to the European co-funding of railway projects;

- Risk related to the accumulation of tender procedures;
- Risk related to the obtaining of funds required to perform construction contracts as well as performance and bid bonds;
- Risk related to weather conditions;
- Risk related to social and economic situation in Poland;
- Risk related to interest rates;
- Risk related to unstable margins;
- Risk related to activities abroad;
- Risk related to the influence of a pandemic on construction processes; and
- Risk related to the war in Ukraine.

The effect of the situation in Ukraine on the Group's operations is discussed in section 2.12.

The Management Board Report on the activities of the Parent Company and the Capital Group 2023 contains a detailed discussion of the factors. No significant changes to the catalogue or discussion of the factors have been identified when comparing these financial statements with the information contained in the abovementioned report.

2.11. Risks related to social and employee issues, natural environment, respect of human rights, counteracting corruption, climate and climate policy

- Risk related to greater employment costs;
- Risk related to the outflow of qualified staff;
- Risk related to the impact on the natural environment;
- Risk related to social issues and human rights;
- Risk related to corruption;
- Physical risk related to extreme weather conditions;
- Physical risk related to changing weather patterns; and
- Risk related to transition to zero-emission economy.

The Management Board Report on the activities of the Parent Company and the Capital Group 2023 contains a detailed discussion of the factors. No significant changes to the catalogue or discussion of the factors have been identified when comparing these financial statements with the information contained in the abovementioned report.

2.12. Influence of the situation in Ukraine on the Group's activities

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 controls, on an ongoing basis, the safety of the Group's IT systems to prevent cyberattacks as well as the risks associated with foreign exchange rates and interest rate changes.

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.

Factors which may occur and influence the markets in which the Issuer operates and the Group's activities:

- 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.

2.13. 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 announcing tenders 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 budget plans of local self-governments.

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

Another factor influencing 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.

2.14. Strategic objectives

The principal objective in 2024-2026 is to take a maximum advantage of the current EU perspective.

The Group's strategic objectives are:

- 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 services on the track materials production and distribution market.

In the long-term perspective, the principal aim of the Group is to 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. In addition, the Company states that other companies may be acquired in the future.

In 2024, 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.

The prospects of the markets on which the Group operates are discussed in detail in the Management Board Report on the activities of the Parent Company and the Capital Group 2023. The prospects did not change on the date of publication of this interim report.

3. Corporate information

3.1. Governing bodies of the Parent Company

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

Composition of ZUE's Management Board and Supervisory Board 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 changes to the composition of the Parent Company's management and supervisory bodies occurred by the date of preparation of these consolidated financial statements.

On the basis of the Supervisory Board's decision of 12 April 2024, Magdalena Nowak was appointed to the Management Board of ZUE as of 10 June 2024.

3.2. Share capital 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;
- 1,030,083 class C bearer shares.

3.3. Treasury 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 25 of the consolidated financial statements for the financial year ended 31 December 2015.

3.4. Shareholders of the Parent Company

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

Shareholder	Number of votes/shares at 15 May 2024	% of the share capital/total number of votes	Number of shares/votes according to the previous 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%	1,812,038	7.87%
Other	5,356,066 ⁽⁴⁾	23.26%	5,356,066	23.26%
Total	23,030,083	100	23,030,083	100

(1) Publication of the last interim report (consolidated report of the Group for 2023): 26 March 2024.

(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 up to date 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.

3.5. Shares and powers held by members of the Management Board and the Supervisory Board

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 15 May 2024	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
Magdalena Nowak ⁽²⁾	Proxy	7,688	1,922	0.03	None

1) Publication of the last interim report (Consolidated report of the Group for 2023): 26 March 2024.

2) On the basis of the Supervisory Board's decision of 12 April 2024, Magdalena Nowak was appointed to the Management Board of ZUE as of 10 June 2024.

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 were entitled to acquire the Company shares at the date of preparation of the last interim report or the date of preparation of this report.

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

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

No events with significant influence on the assessment of the Issuer's position other than presented in this report occurred in the reporting period.

3.7. 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.

3.8. Dividend

No dividend was paid by the Company in the reporting period.

On 6 May 2023, after the reporting period, 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 2023 of PLN 22,028 thousand in the following manner:

- 1) The portion of the net profit for the financial year 2023 of PLN 4,781 thousand should be paid as dividend (PLN 0.21 per share);
- 2) The residual net profit for the financial year 2023 of PLN 17,247 thousand should be allocated to reserve funds.

The Company's Supervisory Board gave a favourable opinion on the said proposal on 8 May 2024.

4. Financial information

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

No financial projections for the financial year 2024 were published by the Company.

4.2. Factors and events with significant influence on the Group's financial results for the first quarter of 2024

Current situation of the Issuer's markets and obtaining new contracts

In the first quarter of 2024, the Group continued to carry out the contracts on its principal markets, namely the railway market in Poland and Romania and the urban market in Poland. In addition, road contracts were performed by Energopol. As regards the new projects, both the railway and urban markets show a slowdown. It is a result of stagnation in the EU funding observed in previous years. The market anticipates a recovery in the second half of the year after a formal unlocking of the funds from the National Recovery Plan. A slowdown on the railway market is also influenced by a review of the National Railway Programme and the *Kolej+* programme and the analyses of the railway component of the Central Communication (the new variants of the investment are also being analysed).

Consequently, the number of bidders has significantly increased and the price competition has grown stronger. At present, ZUE submits bids on the Polish market and is preparing to do so on other markets.

In 2024, the Company and the consortium member won the tram infrastructure contract worth PLN 294.8m (ZUE: 50%).

Discussion of major items of the statement of profit or loss

Revenue generated by the Group in the first quarter of 2024 increased over the year by 27% (ZUE – up by 33%).

Comparison of the results reported by the Group and ZUE:

	ZUE		GROUP	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Sales revenue	297,137	222,712	316,182	249,287
Cost of sales	286,136	215,857	303,616	240,766
Gross profit (loss) on sales	11,001	6,855	12,566	8,521
<i>Gross margin</i>	3.7%	3.1%	4.0%	3.4%
General and administrative expenses	6,632	5,143	7,888	6,799
Other operating income	1,340	337	1,356	535
Other operating expenses	320	155	329	344
Operating profit (loss) (EBIT)**	5,389	1,894	5,705	1,913
<i>EBIT margin**</i>	1.8%	0.9%	1.8%	0.8%
<i>EBITDA***</i>	8,890	5,295	9,474	5,468
<i>EBITDA margin**</i>	3.0%	2.4%	3.0%	2.2%
Finance income	792	826	526	715
Finance costs	3,020	402	3,225	618
Pre-tax profit (loss)	3,161	2,318	3,006	2,010
Income tax	2,066	1,106	2,074	820
Net profit (loss) from continuing operations	1,095	1,212	932	1,190
Net profit (loss)	1,095	1,212	932	1,190
<i>net margin</i>	0.4%	0.5%	0.3%	0.5%

* Operating profit + depreciation / amortisation.

** EBIT, EBITDA measures unspecified by the IFRS.

Discussion of major balance sheet items

As at 31 March 2024, the Group's total assets and liabilities amounted to PLN 818,271 thousand and the Company's total assets and liabilities amounted to PLN 784,933 thousand.

The biggest changes in the consolidated statement of financial position of the Group:

Item	Change compared to 31-12-2023	Balance as at 31-03-2024	Description
Assets			
Trade and other receivables	-12,859	159,528	Accounting for completed construction works.
Valuation of long-term construction contracts	86,932	330,733	Difference between invoiced works under contracts and recognised sales.
Cash and cash equivalents	-187,913	35,642	Use of own resources to conduct operating activities.
Liabilities			
Long-term loans and bank credits	-20,500	26,515	Reclassification of loans and bank credits from long-term to short-term loans and bank credits.
Trade and other payables	-71,005	137,552	Accounting for completed construction works.
Valuation of long-term construction contracts	-16,566	31,588	Difference between invoiced works under contracts and recognised sales.

Discussion of items of the statement of cash flows

The Group's negative cash flows from operating activities mainly result from a higher than usual level of cash and trade payables reported at the end of 2023 and settled in the first quarter of 2024 as well as changes in the valuation of construction contracts in connection with a difference between invoiced works and the progress of works.

	ZUE		ZUE Group	
	Period ended 31-03-2024	Period ended 31-03-2023	Period ended 31-03-2024	Period ended 31-03-2023
Cash flows from operating activities	-177,909	-29,644	-180,646	-29,598
Cash flows from investing activities	3,403	-755	1,256	-1,062
Cash flows from financing activities	-8,231	-2,215	-8,408	-2,308
Total net cash flows	-182,737	-32,614	-187,798	-32,968
Cash and cash equivalents at the beginning of the period	212,159	60,256	223,555	63,251
Cash and cash equivalents at the end of the period	29,307	27,607	35,642	30,248

Discussion of results reported by segments

Construction activity is the main source of the Group's income.

Item (PLN '000)	Construction	Sales	Exclusions	Total
Sales revenue	305,626	12,679	-2,123	316,182
Gross profit on sales	11,716	805	45	12,566
Net profit	1,136	-249	45	932

More information about individual segments is presented in the note 4.3.8.

4.3. Notes to the statement of comprehensive income

4.3.1. Revenue

	Period ended 31-03-2024	Period ended 31-03-2023
Revenue from construction contracts	285,052	215,563
Revenue from the provision of services	8,288	2,674
Revenue from the sale of goods, raw and other materials	22,842	31,050
Total	316,182	249,287

Revenue from construction activity 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 certain tasks have been completed.

In the reporting period, the Group operated in Poland and abroad. Revenue from construction contracts includes the amount of PLN 39,981 thousand concerning the contracts performed in Romania and the amount of PLN 1,253 thousand concerning the contracts performed in Latvia.

Concentration of revenue exceeding 10% of total sales revenue

	Period ended	
	31-03-2024	31-03-2023
Counterparty A	77,749	113,599
Counterparty B		31,647
Counterparty C		26,062
Counterparty D	124,413	
Counterparty E	39,831	

4.3.2. Operating expenses

	Period ended 31-03-2024	Period ended 31-03-2023
Change in products	-1,086	-1,569
Depreciation and amortization	3,769	3,555
Consumption of materials and energy, including:	76,237	64,113
- consumption of materials	72,210	60,353
- consumption of energy	4,027	3,760
Contracted services	166,644	113,107
Employee benefits expense	34,973	35,166
Taxes and charges	695	627
Other expenses	8,898	4,920
Value of goods and materials sold	21,374	27,646
Total	311,504	247,565

	Period ended 31-03-2024	Period ended 31-03-2023
Cost of sales	303,616	240,766
General and administrative expenses	7,888	6,799
Total	311,504	247,565

The year-on-year increase in general and administrative expenses results from higher costs of the business activity and more expenditure on promotional and social activities. 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 2.5%.

Depreciation and amortisation

	Period ended 31-03-2024	Period ended 31-03-2023
Depreciation of property, plant and equipment	2,378	2,455
Depreciation of right-of-use assets	1,062	781
Amortisation of intangible assets	151	154
Depreciation of investments in real property	178	165
Total	3,769	3,555

4.3.3. Other operating income

	Period ended 31-03-2024	Period ended 31-03-2023
Gain on disposal of assets:	927	121
Gain on disposal of non-current assets	927	121
Other operating income:	429	414
Damages and penalties	215	80
Release of allowances for receivables	14	7
Refund of the costs of court proceedings	4	16
Substitute performance	170	134
Other	26	177
Total	1,356	535

4.3.4. Other operating expenses

	Period ended 31-03-2024	Period ended 31-03-2023
Loss on disposal of assets:	0	0
Loss on disposal of non-current assets	0	0
Other operating expenses:	329	344
Donations	11	16
Damages and penalties	4	0
Making of allowances on receivables	2	4
Costs of litigations	129	14
Substitute performance	170	134
Other	13	176
Total	329	344

4.3.5. Finance income

	Period ended 31-03-2024	Period ended 31-03-2023
Interest income:	501	455
Interest on bank deposits	496	451
Interest on loans	5	4

Other finance income:	25	260
Foreign exchange gains	5	33
Discount of long-term items	0	199
Financial guarantees	1	0
Other	19	28
Total	526	715

4.3.6. Finance costs

	Period ended 31-03-2024	Period ended 31-03-2023
Interest expense:	1,042	487
Interest on bank credits	110	84
Interest on loans	261	4
Interest on lease liabilities	665	377
Interest on trade and other payables	6	22
Other finance costs:	2,183	131
Foreign exchange losses	1,092	88
Discount of long-term items	1,091	36
Other	0	7
Total	3,225	618

4.3.7. Income tax

Income tax recognised in the statement of comprehensive income

	Period ended 31-03-2024	Period ended 31-03-2023
Current income tax	0	161
Deferred tax	2,074	659
Total tax expense (income)	2,074	820

Current income tax

	Period ended 31-03-2024	Period ended 31-03-2023
Gross profit (loss)	3,006	2,010
Difference between gross profit (loss) and income tax base:	-41,176	-17,056
- differences between gross profit and taxable income resulting from expenses that are not tax-deductible under tax regulations and revenue not classified as revenue under tax regulations and additional revenue and expenses	-40,835	-16,456
- other differences (including loss brought forward)	-341	-600
Income/Loss	-38,170	-15,046
Income tax base	0	848
Income tax at the applicable rate of 19%	0	161
Current income tax	0	161

Income tax according to effective interest rate

	Period ended 31-03-2024	Period ended 31-03-2023
Gross profit (loss)	3,006	2,010
Income tax at the applicable rate of 19%	571	382
Effect of tax recognition of:	-7,823	-3,243
- Use of tax losses brought forward	65	114
- Expenses that are not tax-deductible under tax regulations	383	-1,021
- Revenue not classified as revenue under tax regulations	26,730	444
- Tax-deductible expenses not classified as balance sheet expenses	-21,155	2,054
- Taxable revenue not classified as balance sheet revenue	-2,566	390
Revaluation of deferred tax assets (current year loss)	7,252	3,022
Deferred tax	2,074	659
Income tax according to effective tax rate	2,074	820
Effective tax rate	69%	41%

Current tax assets and liabilities

	31-03-2024	31-12-2023
Current tax assets		
Tax refundable	820	190
Current tax liabilities		
Tax payable	0	4,290

Deferred tax

	Period ended 31-03-2024	Period ended 31-03-2023
Deferred tax balance at the beginning of the period	21,037	17,788
Temporary differences relating to deferred tax assets:	90,735	56,675
Provisions for expenses and accruals	50,107	29,984
Receivables discounting	658	620
Operating lease liabilities	3,521	3,481
Write-downs	539	856
Bonds and insurances accounted for over time	2,447	1,492
Tax work in progress	29,106	11,070
Valuation of long-term contracts	6,003	9,143
Other	-1,646	29
Temporary differences relating to deferred tax liabilities:	78,979	42,493
Valuation of long-term contracts	60,419	24,627
Difference between the carrying and tax amount of property, plant and equipment and intangible assets	15,449	15,007
Payables discounting	3,111	2,859
Unused tax losses and other tax credits carried forward:	7,207	2,947
Tax losses	7,207	2,947

Total temporary differences relating to deferred tax assets:	97,942	59,622
Total temporary differences relating to deferred tax liabilities:	78,979	42,493
Deferred tax balance at the end of the period	18,963	17,129
Change in deferred tax, including:	-2,074	-659
- recognised in income	-2,074	-659
- recognised in equity	0	0

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

4.3.8. Operating segments

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

- Construction;
- Sales; and
- Design (until 10 August 2023).

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 and other civil structures.

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.

In the comparative period, revenue from design activities includes the data of BPK Poznań, a subsidiary, whose shares were sold on 10 August 2023. BPK Poznań dealt with the design of transport infrastructure systems.

The accounting principles applied to the segments are the same as the principles contained in the discussion of important accounting principles. The Group accounts for sales and transfers between the segments based on current market prices like in transactions in third parties.

Operating segments' results for the first quarter of 2024:

	Construction	Sales	Exclusions	Total
Sales revenue	305,626	12,679	-2,123	316,182
including:				
Revenue from external customers	305,432	10,750	0	316,182
Inter-segment revenues	194	1,929	-2,123	0
including:				
Revenue from construction contracts	285,052	0	0	285,052
Revenue from the provision of services	8,477	5	-194	8,288
Revenue from the sale of goods, raw and other materials	12,097	12,674	-1,929	22,842
Gross profit	11,716	805	45	12,566
Finance income / costs	-2,455	-244	0	-2,699
Interest received	631	0	-160	471
Interest paid	-1,313	-149	160	-1,302
Pre-tax profit	3,196	-246	56	3,006
Income tax	2,060	3	11	2,074
Net profit	1,136	-249	45	932
Depreciation and amortisation	3,745	24	0	3,769
Property, plant and equipment	68,383	229	0	68,612
Non-current assets	198,051	466	-5,994	192,523
Total assets	808,156	23,298	-13,183	818,271
Total liabilities	607,807	16,690	-7,233	617,264

In the reporting period, the Group provided its services in Poland and abroad. Revenue from construction contracts includes the amount of PLN 39,981 thousand relating to the contracts performed in Romania and PLN 1,253 thousand relating to the contract performed in Latvia.

Operating segments' results for the first quarter of 2023:

	Construction	Sales	Design	Exclusions	Total
Sales revenue	224,882	32,014	1,987	-9,596	249,287
including:					
Revenue from external customers	223,752	23,510	1,717	308	249,287
Inter-segment revenues	1,130	8,504	270	-9,904	0
including:					
Revenue from construction contracts	214,271	0	1,987	-695	215,563
Revenue from the provision of services	3,071	0	0	-397	2,674
Revenue from the sale of goods, raw and other materials	7,540	32,014	0	-8,504	31,050
Gross profit	6,422	1,809	340	-50	8,521
Finance income / costs	377	-232	-74	26	97
Interest received	395	0	0	-67	328
Interest paid	-686	-152	-1	67	-772
Pre-tax profit	1,218	914	-112	-10	2,010
Income tax	728	116	-24	0	820

Net profit	490	798	-88	-10	1,190
Depreciation and amortisation	3,515	10	19	11	3,555
Property, plant and equipment	68,496	323	33	2,398	71,250
Non-current assets	206,547	680	252	-4,354	203,125
Total assets	587,869	35,808	11,983	-15,257	620,403
Total liabilities	408,396	28,148	12,447	-10,546	438,445

In the first quarter of 2023, the Group operated in the territory of Poland and Romania.

4.4. Contracts, provisions, allowances and accruals

4.4.1. Construction contracts

	31-03-2024	31-12-2023
Assets (selected items)	424,273	342,403
- Valuation of long-term construction contracts	330,733	243,801
- Advances made in connection with performed contracts	8,995	10,650
- Retentions on construction contracts retained by customers	31,138	27,142
- Inventories	53,407	60,810
Liabilities (selected items)	333,985	377,393
- Valuation of long-term construction contracts	31,588	48,154
- Provisions for contract costs	186,550	195,973
- Advances received in connection with performed contracts	30,782	43,330
- Retentions on construction contracts retained for suppliers	49,173	50,880
- Provisions for warranty claims	23,701	24,930
- Provisions for expected losses on contracts	12,191	14,126

4.4.2. Provisions

Change in provisions

Provisions	01-01-2024	Created	Used	Released	Reclassified	31-03-2024	Item
Long-term provisions:	22,663	2,025	36	0	-406	24,246	
Provisions for employee benefits	2,056	0	0	0	0	2,056	Liabilities under employee benefits (long-term)
Provisions for warranty claims	20,607	2,025	36	0	-406	22,190	Long-term provisions
Other provisions	0	0	0	0	0	0	Long-term provisions
Short-term provisions:	56,450	5,943	4,078	4,291	406	54,430	
Provisions for employee benefits	40,852	5,935	4,038	2,021	0	40,728	Liabilities under employee benefits (short-term)
Provisions for warranty claims	1,144	0	39	0	406	1,511	Short-term provisions
Provision for loss on contracts	14,454	8	1	2,270	0	12,191	Short-term provisions
Other provisions	0	0	0	0	0	0	Short-term provisions
Total provisions:	79,113	7,968	4,114	4,291	0	78,676	

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	01-01-2023	Created	Used	Released	Reclassified	31-12-2023	Item
Long-term provisions:	17,803	6,348	1,002	389	-97	22,663	
Provisions for employee benefits	1,801	364	0	109	0	2,056	Liabilities under employee benefits (long-term)
Provisions for warranty claims	16,002	5,984	1,002	280	-97	20,607	Long-term provisions
Other provisions	0	0	0	0	0	0	Long-term provisions
Short-term provisions:	55,416	41,518	23,357	17,224	97	56,450	
Provisions for employee benefits	38,050	27,781	22,595	2,384	0	40,852	Liabilities under employee benefits (short-term)
Provisions for warranty claims	2,570	311	762	1,072	97	1,114	Short-term provisions
Provision for loss on contracts	14,782	13,426	0	13,754	0	14,454	Short-term provisions
Other provisions	14	0	0	14	0	0	Short-term provisions
Total provisions:	73,219	47,866	24,359	17,613	0	79,113	

4.4.3. Write-downs and allowances

Change in write-downs and allowances

Write-downs and allowances	01-01-2024	Creation	Use	Release	31-03-2024
Write-downs and allowances:	37,554	2,655	0	402	39,807
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 on trade receivables in connection with the increase of credit risk	34,299	2,655	0	384	36,570
Allowances on trade receivables for expected credit losses	250	0	0	0	250
Write-downs of retentions	0	0	0	0	0
Write-downs of advances	43	0	0	0	43
Write-downs of shares	251	0	0	0	251
Write-downs of loans	1,940	0	0	18	1,922
Total:	37,554	2,655	0	402	39,807

Allowances for trade receivables of PLN 36.6m include:

- Debit notes issued by the Group for penalties, damages and substitute performance of PLN 33.1m. The amount is for presentation purposes only because the notes are not the Group's revenue at the date of issue. The major items include the notes of PLN 22.5m issued in past years.
- Receivables under court and enforcement cases of PLN 1.1m.
- Doubtful debt of PLN 2.4m of prior years.

Change in loss allowances on receivables

Change in allowances for trade receivables influencing the profit or loss includes the release of allowances of PLN 14 thousand and the creation of allowances of PLN 2 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	01-01-2023	Creation	Use	Release	31-12-2023
Write-downs and allowances:	36,180	19,685	2,649	15,662	37,554
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 on trade receivables in connection with the increase of credit risk	32,790	19,685	2,638	15,538	34,299
Allowances on trade receivables for expected credit losses	309	0	0	59	250
Write-downs of retentions	11	0	11	0	0
Write-downs of advances	47	0	0	4	43
Write-downs of shares	251	0	0	0	251
Write-downs of loans	2,001	0	0	61	1,940
Total:	36,180	19,685	2,649	15,662	37,554

4.4.4. Accruals

	31-03-2024	31-12-2023
Provisions for contract costs	186,550	195,973
Other accruals	2,636	2,741
Total	189,186	198,714

4.5. Trade and other receivables and payables

4.5.1. Trade and other receivables

	31-03-2024	31-12-2023
Trade receivables	167,680	202,704
Allowances for trade receivables in connection with the increase of credit risk	-36,570	-34,299
Allowances for trade receivables for expected credit losses	-250	-250
Receivables from the government budget other than corporate income tax	24,535	0
Other receivables	4,133	4,232
Total trade and other receivables	159,528	172,387

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

	31-03-2024	31-12-2023
Counterparty A	18,370	58,511
Counterparty B		22,799

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.

4.5.2. Trade and other payables

	31-03-2024	31-12-2023
Trade payables	134,391	193,132
Liabilities to the government budget other than corporate income tax	2,800	15,083
Other payables	361	342
Total trade and other payables	137,552	208,557

4.6. Loans, bank credits, leases and management of capital

4.6.1. Loans and bank credits

	31-03-2024	31-12-2023
Long-term	26,515	47,015
Bank credits	21,515	39,515
Loans received	5,000	7,500
Short-term	28,550	10,550
Bank credits	21,050	3,050
Loans received	7,500	7,500
Total	55,065	57,565

Summary of loan and credit agreements as at 31 March 2024

No.	Bank	Description	Principal/limit according to the agreement as at 31-03-2024	Amount of available loans/credits as at 31-03-2024	Use as at 31-03-2024	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		13,619	1M WIBOR + margin	June 2024
	including:	sublimit for bonds	25,000	11,381	13,619		
		non-revolving working capital credit	25,000	11,381	0		
3	Alior Bank S.A.	Multicurrency credit limit agreement	50,000		30,000	1M WIBOR + margin	
	including:	sublimit for bonds	50,000	20,000	30,000		March 2025
		overdraft	1,500	1,500	0		March 2026
4	Agencja Rozwoju Przemysłu S.A.	Loan agreement	12,500	0	12,500	1M WIBOR + margin	August 2025
5	Alior Bank S.A.	Revolving credit account agreement	40,000	485	39,515	1M WIBOR + margin	June 2025
6	mBank S.A.	Working capital credit	3,050	0	3,050	1M WIBOR + margin	June 2024
		Total amount of available loans and credits		23,366			
		Total debt under loans and credits			55,065		
		Total use for bonds			43,619		

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

The types of security and liabilities under loan and credit agreements did not change significantly in the first quarter of 2024. The list of the types of security and liabilities under loan and credit agreements is contained in the note 6.1. of the consolidated financial statements for the financial year ended 31 December 2023.

The following changes were made to certain credit agreements in the reporting period:

- Alior Bank - Multicurrency Credit Limit Agreement (item 3) – on 27 March 2024, the Company signed an annex whereby the sublimit for bonds was raised to PLN 50m and the repayment date was extended until 25 March 2025 for the bond limit and 25 March 2026 for the overdraft. The overdraft limit remained unchanged.

Comparative information:

No.	Bank	Description	Principal/limit according to the agreement as at 31-12-2023	Amount of available loans/credits as at 31-12-2023	Use as at 31-12-2023	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		13,229	1M WIBOR + margin	June 2024
	including:	sublimit for bonds	25,000	11,771	13,229		
		non-revolving working capital credit	25,000	11,771	0		
3	Alior Bank S.A.	Multicurrency credit limit agreement	30,000		13	1M WIBOR + margin	
	including:	sublimit for bonds	30,000	29,987	13		June 2024
		overdraft	1,500	1,500	0		June 2025
4	Agencja Rozwoju Przemysłu S.A.	Loan agreement	15,000	0	15,000	1M WIBOR + margin	August 2025
5	Alior Bank S.A.	Revolving credit account agreement	40,000	485	39,515	1M WIBOR + margin	June 2025
6	mBank S.A.	Working capital credit	3,050	0	3,050	1M WIBOR + margin	June 2024
		Total amount of available loans and credits		23,756			
		Total debt under loans and credits			57,565		
		Total use for bonds			13,242		

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

4.6.2. Leases

Lease liabilities

	31-03-2024	31-12-2023
Long-term lease liabilities	24,054	24,997
Short-term lease liabilities	6,669	6,743
Total	30,723	31,740

In the first quarter of 2024, the Group signed the operating lease agreement of PLN 29m for the purchase of construction equipment. The machine will be accepted in the second quarter of 2024.

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

In the reporting period, the Group's lease liabilities increased by PLN 1,209 thousand. No leased assets were purchased by the Group in the first quarter of 2024.

4.6.3. Management of capital

	31-03-2024	31-12-2023
Long- and short-term loans and bank credits	55,065	57,565
Long- and short-term lease liabilities	30,723	31,740
Long- and short-term other financial liabilities	36	36
Total financial liabilities	85,824	89,341
Cash and cash equivalents	35,642	223,555
Net debt	50,182	-134,214
Equity	201,007	200,075
Net debt to equity ratio	24.97%	-67.08%

The Group reviews the capital structure each time for the purpose of the financing of major contracts/orders.

During the review, the Group considers own resources required for day-to-day operations, the schedule of contract/order financing, the cost of capital and the risks associated with each class of the capital.

The Group uses own resources, credits, loans, leases, trade credit, prepaid deliveries to finance day-to-day operations.

Positive net debt is due to the fact that total financial liabilities at the end of the first quarter of 2024 exceeded the amount of cash at the Group.

The information on the financial ratios contained in this report is cyclically monitored and presented in subsequent interim reports. Definitions of alternative measurements result from the layout of individual lines in relevant tables and according to the Issuer, no additional defining is required.

4.7. Other notes to the financial statements

4.7.1. 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 information 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.

At cost	31-03-2024	31-12-2023
Goodwill of PRK	31,172	31,172
Balance at the end of the reporting period	31,172	31,172

Goodwill impairment test

After it has considered external circumstances influencing a long-term market capitalization of the Company below the carrying amount, the Group carries out tests for the impairment of assets. The impairment tests carried out as at 31 December 2023 according to *IAS 36 Impairment of Assets* revealed no indication of impairment of the carrying amount of the Company's assets. As at 31 March 2024, 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.

4.7.2. 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 394 thousand.

As at 31 March 2024, net liabilities incurred to purchase property, plant and equipment amounted to PLN 160 thousand.

As at 31 March 2023, net liabilities incurred to purchase property, plant and equipment amounted to PLN 189 thousand.

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

- Purchase of special car – PLN 213 thousand;
- Purchase of mobile fence – PLN 96 thousand.

In the reporting period, the sale of property, plant and equipment mainly concerned the sale of specialist equipment in connection with the machinery modernization process.

In the first quarter of 2024, the Group sold the property, plant and equipment and intangible assets with the total net carrying amount of PLN 326 thousand. In the first quarter of 2023, the Group sold the property, plant and equipment and intangible assets with the total net carrying amount of PLN 11 thousand.

4.7.3. 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 31 December 2024

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)	34,596	0	0	0	57,164
Trade receivables	167,680	0	0	0	0
Other financial liabilities	0	0	0	0	36
Advanced loans	6,039	0	0	0	0
Cash and cash equivalents	0	35,642	0	0	0
Loans and bank credits	0	0	0	0	55,065
Lease liabilities	0	0	0	0	30,723
Trade payables	0	0	0	0	134,391
Total	208,315	35,642	0	0	277,379

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 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)	30,665	0	0	0	59,465
Trade receivables	202,704	0	0	0	0
Other financial liabilities	0	0	0	0	36
Advanced loans	6,057	0	0	0	0
Cash and cash equivalents	0	223,555	0	0	0
Loans and bank credits	0	0	0	0	57,565
Lease liabilities	0	0	0	0	31,740
Trade payables	0	0	0	0	193,132
Total	239,426	223,555	0	0	341,938

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

4.7.4. Related party transactions

	Receivables		Payables	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
RTI	0	0	0	0
Wiesław Nowak	0	0	0	0
Family Office	0	1	0	0
Total	0	1	0	0

	Sale		Purchase	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
RTI	1	1	0	0
Wiesław Nowak	0	0	0	0
Family Office	1	0	0	0
Total	2	1	0	0

	Advanced loans		Finance income (interest on loans)	
	31-03-2024	31-12-2023	31-03-2024	31-03-2023
RTI	0	0	0	0
Wiesław Nowak	0	0	0	0
Family Office	0	0	0	0
Total	0	0	0	3

Related party transactions were entered into in the reporting period by ZUE and subsidiaries on arm's length terms.

In the reporting period, related party transactions concerned the rental of rooms.

Remuneration of key management personnel

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

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

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" – conclusion of the proceedings:

On 4 April 2024, the Parties reached the settlement and the Defendant agreed to pay the amount of approximately PLN 3.3m (including PLN 1.9m of the principal amount) to ZUE S.A. A detailed description of the case is contained in the note 7.16. of the consolidated financial statements for the year ended 31 December 2023. Consequently, the Court decided to discontinue the proceedings. The settlement will influence gross profit on sales of approximately PLN 1.5m and profit before tax of approximately PLN 3m.

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 PLK 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. On 27 February 2020, the appeals were dismissed by the Court of Appeals and the partial judgment became final and binding.

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 case is pending.

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.

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 replied to all of the claims and applied for the dismissal thereof. The Petitioner replied to the Defendant's statements and the exchange of pleadings between the parties came to an end. The date of the 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 by the Court to hear witnesses and then the parties. For the project named: "Works on the railway lines no. 140, 148, 157, 159, 173, 689, 691 of the Chybie – Żory – Rybnik – Nędza / Turze section," the judgment was delivered on 25 September 2023 by the I Instance Court whereby the Petitioners' claim was dismissed in full. The date of the trials concerning the project named: "Works on the railway line E20 of the Warszawa-Poznań section – other works, the Sochaczew-Swarzędz section" was set by the Court to hear witnesses and the parties. The judgment was delivered by the I Instance Court for the project named: "Works on the railway lines no. 140, 148, 157, 159, 173, 689, 691 of the Chybie – Żory – Rybnik – Nędza / Turze section" whereby the claim was dismissed in full. The judgment was appealed against. The hearings of evidence are carried out by the courts for other cases.

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 abovementioned cases are pending. The proceedings concerning the E 20 railway line of the Warszawa – Kutno section were partly discontinued by the Court after the claim had been withdrawn by the Issuer.

In December 2023, the Issuer sued PKP Polskie Linie Kolejowe S.A. of Warsaw in connection with the following project: "Preparation of design documentation and completion of construction and assembly works as part of the project named: Works on the railway line no. 93 of the Trzebinia – Oświęcim – Czechowice Dziedzice section." The value of the claim is approx. PLN 23.6m. The case is pending.

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 6.7m and Energopol's claim amounts to approximately PLN 6.5m. The case is pending.

Court case concerning inflation claim

In December 2023, the Issuer sued PKP CARGO Terminale sp. z o.o. in connection with the project named: "Construction of multimodal terminal in Zduńska Wola – Karsznice." The claim concerned non-payment under the inflation clause contained in the contract. The value of the dispute is approx. PLN 12.3m. The case is pending.

4.7.6. 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 in which the tax was paid. 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 at 31 March 2024 or 31 December 2023.

4.7.7. Contingent assets and contingent liabilities and security on property

Contingent assets

	31-03-2024	31-12-2023
Bonds	114,418	116,833
Statement of submission to enforcement (Art. 777 § 1 item 5 of the Code of Civil Procedure)	4,805	4,805
Promissory notes	18,681	17,825
Total	137,904	139,463

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.

Contingent liabilities and security on property

	31-03-2024	31-12-2023
Bonds	575,215	486,708
Guarantees	29,892	29,837
Promissory notes	351,954	303,145
Mortgages	186,529	186,529
Pledges	157,868	158,853
Total	1,301,458	1,165,072

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 bond limit agreement with PEKAO S.A. and the loan agreement with Agencja Rozwoju Przemysłu S.A.

Registered pledges have been 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 trains, engines 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.

4.7.8. Liabilities incurred to purchase property, plant and equipment

There were no major agreements concerning capital expenditures on property, plant and equipment as at 31 March 2024 or 31 December 2023.

4.7.9. Discontinued operations

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

4.8. Other notes to the financial statements

4.8.1. 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 31 March 2024 as endorsed by the European Union.

The consolidated financial statements for the three months ended 31 March 2024 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 amendments to the standards used for the first time in the reporting period

The following amendments to the existing standards issued by the International Accounting Standards Board and endorsed for use in the European Union come into force in 2024:

- **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).

The Group does not expect that the adoption of the amendments to the existing standards will have a material impact on the consolidated financial statements of the Group.

Standards and amendments to the standards adopted by the IASB but not yet endorsed by the EU

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

- **Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments – Disclosures"** – supplier finance arrangements (effective for annual periods beginning on or after 1 January 2024);
- **Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates"** – lack of exchangeability (effective for annual periods beginning on or after 1 January 2025);
- **IFRS 14 "Regulatory Deferral Accounts"** – the effective date has been deferred by the IASB indefinitely;
- **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;
- **MSSF 18 "Presentation and Disclosure in Financial Statements"** (effective for annual periods beginning on or after 1 January 2027).

The Group does not expect that the abovementioned standards or amendments to the standards will have a material influence on the consolidated financial statements of the Group.

4.8.2. Important accounting principles

4.8.2.1. 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 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 Group's ability to continue its operations include liquidity, proper backlog and situation on the market.

In the three months ended 31 March 2024, the Group recognised the sales revenue of PLN 316.2m and the gross profit of PLN 12.6m. As at 31 March 2024, the Group presented the total current assets of PLN 625.7m, including trade and other receivables of PLN 159.5m and the cash of approximately PLN 35.6m. At the end of the reporting period, the Group had the backlog worth approximately PLN 1,647m. The Group is in the process of obtaining new contracts.

Accordingly, 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 and 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.

4.8.2.2. Preparation basis

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

4.8.2.3. Comparability of financial data

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

4.8.2.4. Applied accounting principles

These quarterly consolidated financial statements for the three months ended 31 March 2024 have been prepared according to the same accounting principles and measurement methods as those used in the last annual financial statements of the Group as at 31 December 2023. The financial statements for the financial year ended 31 December 2023 contain a detailed description of the accounting principles adopted by the Group.

These quarterly 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.

4.8.3. Sources of estimation uncertainty

The preparation of financial statements in conformity with the IFRS requires the Management Board to make judgments, estimates and assumptions that affect the adopted policies 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 values 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 4.7.1.)

Useful economic lives of non-current assets

Loss allowances for receivables (note 4.4.3.)

Provisions (note 4.4.2.)

Valuation of long-term construction contracts (note 4.4.1.)

Deferred income tax (note 4.3.7.)

Contingent assets and contingent liabilities and security on property (note 4.7.7.)

Uncertainty over tax settlements (note 4.7.6.)

No revisions to estimates occurred in the reporting period.



ZUE S.A.

**CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR 3 MONTHS ENDED 31 MARCH 2024**

Cracow, 15 May 2024

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

Separate statement of comprehensive income

Continuing operations	Note	3 months ended	3 months ended
		31-03-2024	31-03-2023
Sales revenue	2.1.1.	297,137	222,712
Cost of sales	2.1.2.	286,136	215,857
Gross profit (loss) on sales		11,001	6,855
General and administrative expenses	2.1.2.	6,632	5,143
Other operating income	2.1.3.	1,340	337
Other operating expenses	2.1.4.	320	155
Operating profit (loss)		5,389	1,894
Finance income	2.1.5.	792	826
Finance costs	2.1.6.	3,020	402
Pre-tax profit (loss)		3,161	2,318
Income tax	2.1.7.	2,066	1,106
Net profit (loss) from continuing operations		1,095	1,212
Net profit (loss)		1,095	1,212
Other net comprehensive income			
Items that will not be reclassified subsequently to profit or loss:		0	0
Actuarial gains (losses) relating to defined benefit plans		0	0
Other total net comprehensive income		0	0
Total comprehensive income		1,095	1,212
Number of shares		23,030,083	23,030,083
Net profit (loss) per share (PLN) (basic and diluted)		0.05	0.05
Total comprehensive income per share (PLN)		0.05	0.05

Separate statement of financial position

ASSETS	Note	31-03-2024	31-12-2023
Non-current assets			
Property, plant and equipment		64,159	66,100
Investment property		9,003	9,132
Intangible assets		2,315	2,466
Right-of-use assets		41,621	38,622
Goodwill	2.5.1.	31,172	31,172
Investments in subordinates		6,140	6,140
Retentions on construction contracts		7,583	6,949
Deferred tax assets	2.1.7.	19,626	21,692
Advanced loans		4,117	4,117
Total non-current assets		185,736	186,390
Current assets			
Inventories		52,594	60,562
Trade and other receivables	2.3.1.	148,195	166,890
Valuation of long-term construction contracts	2.2.1.	328,450	243,339
Retentions on construction contracts		23,362	20,012
Advances		8,996	10,650
Current tax assets	2.1.7.	630	0
Advanced loans		6,140	8,140
Other assets		1,523	910
Cash and cash equivalents		29,307	212,159
Total current assets		599,197	722,662
Total assets		784,933	909,052

EQUITY AND LIABILITIES	Note	31-03-2024	31-12-2023
Equity			
Share capital		5,758	5,758
Share premium account		93,837	93,837
Treasury shares		-2,690	-2,690
Retained earnings		97,176	96,081
Total equity		194,081	192,986
Non-current liabilities			
Long-term loans and bank credits	2.4.1.	26,515	47,015
Long-term lease liabilities	2.4.2.	20,942	21,687
Retentions on construction contracts		18,920	17,499
Liabilities under employee benefits		1,867	1,867
Long-term provisions	2.2.2.	21,432	19,900
Total non-current liabilities		89,676	107,968
Current liabilities			
Trade and other payables	2.3.2.	126,373	202,567
Accruals	2.2.4.	184,257	196,613
Valuation of long-term construction contracts	2.2.1.	31,588	47,062
Retentions on construction contracts		29,875	33,024
Advances		30,782	43,330
Short-term loans and bank credits	2.4.1.	25,500	7,500
Short-term lease liabilities	2.4.2.	6,366	6,468
Other financial liabilities		36	36
Liabilities under employee benefits		52,705	51,619
Current tax liabilities	2.1.7.	0	4,290
Short-term provisions	2.2.2.	13,694	15,589
Total current liabilities		501,176	608,098
Total liabilities		590,852	716,066
Total equity and liabilities		784,933	909,052

Separate statement of changes in equity

	Share capital	Share premium account	Treasury shares	Retained earnings	Total equity
Balance at 1 January 2024	5,758	93,837	-2,690	96,081	192,986
Dividend	0	0	0	0	0
Issue of shares	0	0	0	0	0
Issue costs	0	0	0	0	0
Repurchase of shares	0	0	0	0	0
Profit (loss)	0	0	0	1,095	1,095
Other net comprehensive income	0	0	0	0	0
Total changes in equity	0	0	0	1,095	1,095
Balance at 31 March 2024	5,758	93,837	-2,690	97,176	194,081

	Share capital	Share premium account	Treasury shares	Retained earnings	Total equity
Balance at 1 January 2023	5,758	93,837	-2,690	75,803	172,708
Dividend	0	0	0	0	0
Issue of shares	0	0	0	0	0
Issue costs	0	0	0	0	0
Repurchase of shares	0	0	0	0	0
Profit (loss)	0	0	0	1,212	1,212
Other net comprehensive income	0	0	0	0	0
Total changes in equity	0	0	0	1,212	1,212
Balance at 31 March 2023	5,758	93,837	-2,690	77,015	173,920

	Share capital	Share premium account	Treasury shares	Retained earnings	Total equity
Balance at 1 January 2023	5,758	93,837	-2,690	75,803	172,708
Dividend	0	0	0	-1,594	-1,594
Issue of shares	0	0	0	0	0
Issue costs	0	0	0	0	0
Repurchase of shares	0	0	0	0	0
Profit (loss)	0	0	0	22,028	22,028
Other net comprehensive income	0	0	0	-156	-156
Total changes in equity	0	0	0	20,278	20,278
Balance at 31 December 2023	5,758	93,837	-2,690	96,081	192,986

Separate statement of cash flows

	3 months ended 31-03-2024	3 months ended 31-03-2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before tax	3,161	2,318
Adjustments for:		
Depreciation and amortisation	3,501	3,401
Foreign exchange gains / (losses)	115	35
Interest and share in profit (dividends)	208	-117
Gain / (loss) on disposal of investments	-898	-92
Operating profit (loss) before changes in working capital	6,087	5,545
Change in receivables and retentions on construction contracts	14,757	13,294
Change in inventories	7,968	5,203
Change in provisions and liabilities under employee benefits	723	-1,542
Change in payables and retentions on construction contracts	-78,076	-39,246
Change in valuation of construction contracts	-100,585	-1,343
Change in accruals	-12,356	-7,529
Change in advances	-10,894	-3,887
Change in other assets	-613	-127
Income tax paid / (tax refund)	-4,920	-12
NET CASH FROM OPERATING ACTIVITIES	-177,909	-29,644
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of property, plant and equipment and intangible assets	1,120	98
Purchase of property, plant and equipment and intangible assets	-366	-1,270
Repayment of advanced loans	2,018	22
Interest received	631	395
NET CASH FROM INVESTING ACTIVITIES	3,403	-755
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans and bank credits	-2,500	0
Decrease in lease liabilities	-4,539	-1,529
Lease interest paid	-911	-686
Other interest paid	-281	0
NET CASH FLOWS FROM FINANCING ACTIVITIES	-8,231	-2,215
TOTAL NET CASH FLOWS	-182,737	-32,614
Net foreign exchange differences	-115	-35
TOTAL NET CASH FLOWS NET OF FOREIGN EXCHANGE DIFFERENCES	-182,852	-32,649
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	212,159	60,256
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, including:	29,307	27,607
- of limited availability	5,725	6,516

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 31-03-2024	Period ended 31-03-2023
Revenue from construction contracts	276,778	212,120
Revenue from the provision of services	8,265	3,056
Revenue from the sale of goods, raw and other materials	12,094	7,536
Total	297,137	222,712

Revenue from construction activity 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 certain tasks have been completed.

In the reporting period, the Company operated in Poland and abroad. Revenue from construction contracts includes the amount of PLN 39,981 thousand concerning the contracts performed in Romania and the amount of PLN 1,253 thousand concerning the contracts performed in 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 a single reporting segment: construction activity.

Concentration of revenue exceeding 10% of total sales revenue

	Period ended	
	31-03-2024	31-03-2023
Counterparty A	77,733	112,855
Counterparty B		31,647
Counterparty C		26,062
Counterparty D	123,737	
Counterparty E	39,830	

2.1.2. Operating expenses

	Period ended 31-03-2024	Period ended 31-03-2023
Change in products	-703	-1,745
Depreciation and amortization	3,501	3,401
Consumption of materials and energy, including:	74,994	63,677
- consumption of materials	71,208	60,102
- consumption of energy	3,786	3,575
Contracted services	161,019	111,364
Employee benefits expense	32,667	31,906
Taxes and charges	634	542
Other expenses	8,843	4,830
Value of goods and materials sold	11,813	7,025
Total	292,768	221,000

	Period ended 31-03-2024	Period ended 31-03-2023
Cost of sales	286,136	215,857
General and administrative expenses	6,632	5,143
Total	292,768	221,000

The year-on-year increase in general and administrative expenses results from higher costs of the business activity and more expenditure on promotional and social activities. 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 2.5%.

Depreciation and amortisation

	Period ended 31-03-2024	Period ended 31-03-2023
Depreciation of property, plant and equipment	2,192	2,352
Depreciation of right-of-use assets	1,028	767
Amortisation of intangible assets	151	152
Depreciation of investments in real property	130	130
Total	3,501	3,401

2.1.3. Other operating income

	Period ended 31-03-2024	Period ended 31-03-2023
Gain on disposal of assets:	898	92
Gain on disposal of non-current assets	898	92
Other operating income:	442	245
Damages and penalties	215	80
Release of allowances for receivables	14	7
Refund of the costs of court proceedings	4	4
Substitute performance	170	134
Other	39	20
Total	1,340	337

2.1.4. Other operating expenses

	Period ended 31-03-2024	Period ended 31-03-2023
Loss on disposal of assets:	0	0
Loss on disposal of non-current assets	0	0
Other operating expenses:	320	155
Donations	11	16
Costs of litigations	129	2
Substitute performance	170	134
Other	10	3
Total	320	155

2.1.5. Finance income

	Period ended 31-03-2024	Period ended 31-03-2023
Interest income:	661	534
Interest on bank deposits	496	451
Interest on loans	165	83
Other finance income:	131	292
Discount of long-term items	0	181
Financial guarantees	112	88
Other	19	23
Total	792	826

2.1.6. Finance costs

	Period ended 31-03-2024	Period ended 31-03-2023
Interest expense:	862	314
Interest on bank credits	20	0
Interest on loans	261	0
Interest on lease liabilities	577	311
Interest on trade and other payables	4	3
Other finance costs:	2,158	88
Foreign exchange loss	1,092	88
Discount of long-term items	1,066	0
Total	3,020	402

2.1.7. Income tax

Income tax recognised in the statement of comprehensive income

	Period ended 31-03-2024	Period ended 31-03-2023
Current income tax	0	0

Deferred tax	2,066	1,106
Total tax expense (income)	2,066	1,106
Current income tax		

	Period ended 31-03-2024	Period ended 31-03-2023
Gross profit (loss)	3,161	2,318
Difference between gross profit (loss) and income tax base:	-41,095	-17,413
- differences between gross profit and taxable income resulting from expenses that are not tax-deductible under tax regulations and revenue not classified as revenue under tax regulations and additional revenue and expenses	-41,095	-17,413
Income/Loss	-37,934	-15,095
Income tax base	0	0
Income tax at the applicable rate of 19%	0	0
Current income tax	0	0

Income tax according to effective tax rate

	Period ended 31-03-2024	Period ended 31-03-2023
Gross profit (loss)	3,161	2,318
Income tax at the applicable rate of 19%	601	440
Effect of tax recognition of:	-7,808	-3,308
- Expenses that are not tax-deductible under tax regulations	-332	-1,415
- Revenue not classified as revenue under tax regulations	26,129	275
- Tax-deductible expenses not classified as balance sheet expenses	-21,316	1,888
- Taxable revenue not classified as balance sheet revenue	-2,663	270
Revaluation of deferred tax assets (current year loss)	7,207	2,868
Deferred tax	2,066	1,106
Income tax according to effective tax rate	2,066	1,106
Effective tax rate	65%	48%

Current tax assets and liabilities

	31-03-2024	31-12-2023
Current tax assets		
Tax refundable	630	0
Current tax liabilities		
Tax payable	0	4,290

Deferred tax

	Period ended 31-03-2024	Period ended 31-03-2023
Deferred tax balance at the beginning of the period	21,692	18,783
Temporary differences relating to deferred tax assets:	88,586	53,466
Provisions for expenses and accruals	48,792	28,179
Receivables discounting	639	584
Operating lease liabilities	2,872	2,952
Write-downs	537	541
Bonds and insurances accounted for over time	2,414	1,526
Tax work in progress	28,991	10,764
Valuation of long-term contracts	6,002	8,896
Other	-1,661	24
Temporary differences relating to deferred tax liabilities:	76,167	38,657
Valuation of long-term contracts	59,890	22,784
Difference between the carrying and tax amount of property, plant and equipment and intangible assets	13,239	13,163
Payables discounting	3,038	2,710
Unused tax losses and other tax credits carried forward:	7,207	2,868
Tax losses	7,207	2,868
Total temporary differences relating to deferred tax assets:	95,793	56,334
Total temporary differences relating to deferred tax liabilities:	76,167	38,657
Deferred tax balance at the end of the period	19,626	17,677
Change in deferred tax, including:	-2,066	-1,106
- recognised in income	-2,066	-1,016
- recognised in equity	0	0

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 a single 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, allowances and accruals

2.2.1. Construction contracts

	31-03-2024	31-12-2023
Assets (selected items)	420,985	341,512
- Valuation of long-term construction contracts	328,450	243,339
- Advances made in connection with performed contracts	8,996	10,650
- Retentions on construction contracts retained by customers	30,945	26,961
- Inventories	52,594	60,562
Liabilities (selected items)	329,361	371,668
- Valuation of long-term construction contracts	31,588	47,062
- Provisions for contract costs	183,070	195,264
- Advances received in connection with performed contracts	30,782	43,330
- Retentions on construction contracts retained for suppliers	48,795	50,523
- Provisions for warranty claims	22,935	21,036
- Provisions for expected losses on contracts	12,191	14,453

2.2.2. Provisions

Changes in provisions

Provisions	01-01-2024	Created	Used	Released	Reclassified	31-03-2024	Item
Long-term provisions:	21,767	1,962	36	0	-394	23,299	
Provisions for employee benefits	1,867	0	0	0		1,867	Liabilities under employee benefits (long-term)
Provisions for warranty claims	19,900	1,962	36	0	-394	21,432	Long-term provisions
Other provisions	0	0	0	0	0	0	Long-term provisions
Short-term provisions:	55,647	5,722	3,644	4,291	394	53,828	
Provisions for employee benefits	40,058	5,714	3,617	2,021	0	40,134	Liabilities under employee benefits (short-term)
Provisions for warranty claims	1,136	0	27	0	394	1,503	Short-term provisions
Provision for loss on contracts	14,453	8	0	2,270	0	12,191	Short-term provisions
Other provisions	0	0	0	0	0	0	Short-term provisions
Total provisions:	77,414	7,684	3,680	4,291	0	77,127	

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	01-01-2023	Created	Used	Released	Reclassified	31-12-2023	Item
Long-term provisions:	16,721	6,156	950	66	-94	21,767	
Provisions for employee benefits	1,628	305	0	66	0	1,867	Liabilities under employee benefits (long-term)
Provisions for warranty claims	15,093	5,851	950	0	-94	19,900	Long-term provisions
Other provisions	0	0	0	0	0	0	Long-term provisions
Short-term provisions:	53,439	40,710	22,460	16,136	94	55,647	
Provisions for employee benefits	36,150	26,973	21,698	1,367	0	40,058	Liabilities under employee benefits (short-term)
Provisions for warranty claims	2,311	311	762	818	94	1,136	Short-term provisions
Provision for loss on contracts	14,978	13,426	0	13,951	0	14,453	Short-term provisions
Other provisions	0	0	0	0	0	0	Short-term provisions
Total provisions:	70,160	46,866	23,410	16,202	0	77,414	

2.2.3. Write-downs and allowances

Change in write-downs and allowances

Write-downs and allowances	01-01-2024	Creation	Use	Release	31-03-2024
Write-downs and allowances:	37,541	1,921	0	402	39,060
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 on trade receivables in connection with the increase of credit risk	34,287	1,921	0	384	35,824
Allowances on trade receivables for expected credit losses	250	0	0	0	250
Write-downs of retentions	0	0	0	0	0
Write-downs of advances	43	0	0	0	43
Write-downs of shares	251	0	0	0	251
Write-downs of loans	1,940	0	0	18	1,922
Total:	37,541	1,921	0	402	39,060

Allowances for trade receivables of PLN 35.8m include:

- Debit notes issued by the Company for penalties, damages and substitute performance of PLN 32.3m. 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;
- Doubtful debt of PLN 2.4m.

Change in loss allowances on receivables

Change in allowances for trade receivables influencing the profit or loss is the release of allowances of PLN 14 thousand. The remaining balance is for presentation purposes.

Comparative information:

Write-downs and allowances	01-01-2023	Creation	Use	Release	31-12-2023
Write-downs and allowances:	43,555	19,681	2,591	23,104	37,541
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 on trade receivables in connection with the increase of credit risk	31,467	19,681	2,580	14,281	34,287
Allowances on trade receivables for expected credit losses	250	0	0	0	250
Write-downs of retentions	11	0	11	0	0
Write-downs of advances	43	0	0	0	43
Write-downs of shares	9,013	0	0	8,762	251
Write-downs of loans	2,001	0	0	61	1,940
Total:	43,555	19,681	2,591	23,104	37,541

2.2.4. Accruals

	31-03-2024	31-12-2023
Provisions for contract costs	183,070	195,264
Other accruals	1,187	1,349
Total	184,257	196,613

2.3. Trade and other receivables and payables

2.3.1. Trade and other receivables

	31-03-2024	31-12-2023
Trade receivables	155,690	197,258
Allowances for trade receivables in connection with the increase of credit risk	-35,824	-34,287
Allowances for trade receivables for expected credit losses	-250	-250
Receivables from the government budget other than corporate income tax	24,535	0
Other receivables	4,044	4,169
Total trade and other receivables	148,195	166,890

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

	31-03-2024	31-12-2023
Counterparty A	18,351	58,511
Counterparty B		22,799

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 Company 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 the Company believe there is no need to create additional provisions.

2.3.2. Trade and other payables

	31-03-2024	31-12-2023
Trade payables	124,504	187,897
Liabilities to the government budget other than corporate income tax	1,536	14,346
Other payables	333	324
Total trade and other payables	126,373	202,567

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

2.4.1. Loans and bank credits

	31-03-2024	31-12-2023
Long-term	26,515	47,015
Bank credits	21,515	39,515
Loans received	5,000	7,500
Short-term	25,500	7,500
Bank credits	18,000	0
Loans received	7,500	7,500
Total	52,015	54,515

Summary of loan and credit agreements as at 31 March 2024

No.	Bank	Description	Principal/limit according to the agreement as at 31-03-2024	Amount of available loans/credits as at 31-03-2024	Use as at 31-03-2024	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		13,619	1M WIBOR + margin	June 2024
	including:	sublimit for bonds	25,000	11,381	13,619		
		non-revolving working capital credit	25,000	11,381	0		
3	Alior Bank S.A.	Multicurrency credit limit agreement	50,000		30,000	1M WIBOR + margin	
	including:	sublimit for bonds	50,000	20,000	30,000		March 2025
		overdraft	1,500	1,500	0		March 2026
4	Agencja Rozwoju Przemysłu S.A.	Loan agreement	12,500	0	12,500	1M WIBOR + margin	August 2025
5	Alior Bank S.A.	Revolving credit account agreement	40,000	485	39,515	1M WIBOR + margin	June 2025
	Total amount of available loans and credits			23,366			
	Total debt under loans and credits				52,015		
	Total use for bonds				43,619		

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

The types of security and liabilities under loan and credit agreements did not change significantly in the first quarter of 2024. The list of the types of security and liabilities under loan and credit agreements is contained in the note 6.1. of the financial statements of ZUE S.A. for the financial year ended 31 December 2023.

The following changes were made to certain credit agreements in the reporting period:

- Alior Bank - Multicurrency Credit Limit Agreement (item 3) – on 27 March 2024, the Company signed an annex whereby the sublimit for bonds was raised to PLN 50m and the repayment date was extended until 25 March 2025 for the bond limit and 25 March 2026 for the overdraft. The overdraft limit remained unchanged.

Comparative information:

No.	Bank	Description	Principal/limit according to the agreement as at 31-12-2023	Amount of available loans/credits as at 31-12-2023	Use as at 31-12-2023	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		13,229	1M WIBOR + margin	June 2024
	including:	sublimit for bonds	25,000	11,771	13,229		
		non-revolving working capital credit	25,000	11,771	0		
3	Alior Bank S.A.	Multicurrency credit limit agreement	30,000		13	1M WIBOR + margin	
	including:	sublimit for bonds	30,000	29,987	13		June 2024
		overdraft	1,500	1,500	0		June 2025
4	Agencja Rozwoju Przemysłu S.A.	Loan agreement	15,000	0	15,000	1M WIBOR + margin	August 2025
5	Alior Bank S.A.	Revolving credit account agreement	40,000	485	39,515	1M WIBOR + margin	June 2025
	Total amount of available loans and credits			23,756			
	Total debt under loans and credits				54,515		
	Total use for bonds				13,242		

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

2.4.2. Leases

Lease liabilities

	31-03-2024	31-12-2023
Long-term lease liabilities	20,942	21,687
Short-term lease liabilities	6,366	6,468
Total	27,308	28,155

In the first quarter of 2024, the Company signed the operating lease agreement of PLN 29m for the purchase of construction equipment. The machine will be accepted in the second quarter of 2024.

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

In the reporting period, the Company's lease liabilities increased by PLN 1,209 thousand. No leased assets were purchased by the Company in the first quarter of 2024.

2.4.3. Management of capital

	31-03-2024	31-12-2023
Long- and short-term loans and bank credits	52,015	54,515
Long- and short-term lease liabilities	27,308	28,155
Long- and short-term other financial liabilities	36	36
Total financial liabilities	79,359	82,706
Cash and cash equivalents	29,307	212,159
Net debt	50,052	-129,453
Equity	194,081	192,986
Net debt to equity ratio	25.79%	-67.08%

The Company reviews the capital structure each time for the purpose of the financing of major contracts/orders. During the review, the Company considers own resources required for day-to-day operations, the schedule of contract financing, the cost of capital and the risks associated with each class of the capital.

The Company uses own resources, leases, revolving credit, loan, trade credit and prepaid deliveries to finance day-to-day operations. Credit limits are also available to the Company.

Positive net debt is due to the fact that total financial liabilities at the end of the first quarter of 2024 exceeded the amount of cash at the Company.

The information on the financial ratios contained in this report is cyclically monitored and presented in subsequent interim reports. Definitions of alternative measurements result from the layout of individual lines in relevant tables and according to the Issuer, no additional defining is required.

2.5. Other notes to the financial statements

2.5.1. Goodwill

At cost	31-03-2024	31-12-2023
Goodwill of PRK	31,172	31,172
Balance at the end of the reporting period	31,172	31,172

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 estate (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 has considered external circumstances influencing a long-term market capitalization of the Company below the carrying amount, the Company carries out tests for the impairment of assets. The impairment tests carried out as at 31 December 2023 according to *IAS 36 Impairment of Assets* revealed no indication of impairment of the carrying amount of the Company's assets. As at 31 March 2024, 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 366 thousand.

As at 31 March 2024, net liabilities incurred to purchase property, plant and equipment amounted to PLN 160 thousand.

As at 31 March 2023, net liabilities incurred to purchase property, plant and equipment amounted to PLN 189 thousand.

Major investments in property, plant and equipment and intangible assets made by the Company in the reporting period included the purchase of mobile fence of PLN 96 thousand.

In the reporting period, the sale of property, plant and equipment mainly concerned the sale of specialist equipment in connection with the machinery modernization process.

In the first quarter of 2024, the Company sold the property, plant and equipment and intangible assets with the total net carrying amount of PLN 266 thousand. In the first quarter of 2023, the Company sold the property, plant and equipment and intangible assets with the total net carrying amount of PLN 9 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 31 March 2024

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)	34,309	0	0	0	56,651
Trade receivables	155,690	0	0	0	0
Other financial liabilities	0	0	0	0	36
Advanced loans	12,179	0	0	0	0
Cash and cash equivalents	0	29,307	0	0	0
Loans and bank credits	0	0	0	0	52,015
Lease liabilities	0	0	0	0	27,308
Trade payables	0	0	0	0	124,504
Total	202,178	29,307	0	0	260,514

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 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)	30,376	0	0	0	58,956
Trade receivables	197,258	0	0	0	0
Other financial liabilities	0	0	0	0	36
Advanced loans	14,197	0	0	0	0
Cash and cash equivalents	0	212,159	0	0	0
Loans and bank credits	0	0	0	0	54,515
Lease liabilities	0	0	0	0	28,155
Trade payables	0	0	0	0	187,897
Total	241,831	212,159	0	0	329,559

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

2.5.4. Related parties transactions

	Receivables		Payables	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Railway gft	98	103	780	1,066
BPK Poznań	0	0	0	0
RTI	0	0	0	0
Energopol	74	4	168	661
Wiesław Nowak	0	0	0	0
Family Office	0	1	0	0
Total	172	108	948	1,727

	Sale		Purchase	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
Railway gft	139	151	1,930	8,482
BPK Poznań	0	126	0	270
RTI	1	1	0	0
Energopol	164	204	33	790
Wiesław Nowak	0	0	0	0
Family Office	1	0	0	0
Total	305	482	1,963	9,542

	Advanced loans		Finance income (interest on loans)	
	31-03-2024	31-12-2023	31-03-2024	31-03-2023
Railway gft	3,000	3,000	59	67
BPK Poznań	0	0	0	12
RTI	0	0	0	0
Energopol	3,140	5,140	101	0
Wiesław Nowak	0	0	0	0
Family Office	0	0	0	0
Total	6,140	8,140	160	79

Related party transactions were entered into in the reporting period by ZUE and subsidiaries 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;
- Servicing and repair of vehicles;
- Lease of stacking yard; and
- Car rental.

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;
- Lease of rooms, including utilities; and
- Transport services.

On 30 January 2024, ZUE and Railway gft signed an annex to the loan agreement of 6 August 2020 whereby the repayment date was extended until 31 December 2024.

On 30 January 2024, ZUE and Railway gft signed an annex to the loan agreement of 11 June 2021 whereby the

repayment date was extended until 31 December 2024.

On 6 May 2024, after the reporting period, ZUE and Energopol signed the special-purpose loan agreement of PLN 750 thousand to be repaid by 31 May 2025. The loan was repaid in full.

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 31 March 2024 is PLN 29,892 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 administration or public administration authority at the date of preparation of this report

The pending court proceedings relate to the Company's operating activities.

Court cases are discussed in detail in the note III 4.7.5. of these consolidated 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 at 31 March 2024 or 31 December 2023.

2.5.7. Contingent assets and contingent liabilities and security on property

Contingent assets

	31-03-2024	31-12-2023
Bonds	112,472	114,857
Statement of submission to enforcement (Art. 777 § 1 item 5 of the Code of Civil Procedure)	4,805	4,805
Promissory notes	24,821	25,965
Total	142,098	145,627

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.

Contingent liabilities and security on property

	31-03-2024	31-12-2023
Bonds	555,947	471,170
Guarantees	29,892	29,837
Promissory notes	322,606	273,797
Mortgages	171,529	171,529
Pledges	139,118	140,103
Total	1,219,092	1,086,436

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., the bond limit agreement with PEKAO S.A. and the loan agreement with Agencja Rozwoju Przemysłu S.A.

Registered pledges have been 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 trains, engines 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 31 March 2024 or 31 December 2023.

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 2.13: 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 the Company in the reporting period.

2.5.12. Dividend

No dividend was paid by the Company in the reporting period.

On 6 May 2023, after the reporting period, 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 2023 of PLN 22,028 thousand in the following manner:

- 1) The portion of the net profit for the financial year 2023 of PLN 4,781 thousand should be paid as dividend (PLN 0.21 per share);
- 2) The residual net profit for the financial year 2023 of PLN 17,247 thousand should be allocated to reserve funds.

The Company's Supervisory Board gave a favourable opinion on the said proposal on 8 May 2024.

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 31 March 2024 as endorsed by the European Union.

The separate financial statements for the three months ended 31 March 2024 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 amendments to the standards used for the first time in the reporting period

The following amendments to the existing standards issued by the International Accounting Standards Board and endorsed for use in the European Union come into force in 2024:

- **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).

The Company does not expect that the adoption of the amendments to the existing standards will have a material impact on the separate financial statements of the Company.

Standards and amendments to the standards adopted by the IASB but not yet endorsed by the EU

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

- **Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments – Disclosures" – supplier finance arrangements** (effective for annual periods beginning on or after 1 January 2024);
- **Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" – lack of exchangeability** (effective for annual periods beginning on or after 1 January 2025);
- **IFRS 14 "Regulatory Deferral Accounts"** – the effective date has been deferred by the IASB indefinitely;
- **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;
- **MSSF 18 "Presentation and Disclosure in Financial Statements"** (effective for annual periods beginning on or after 1 January 2027).

The Company does not expect that the standards or the amendments to the existing standards will have a material impact on the separate financial statements of the Company.

2.6.2. Important accounting principles

2.6.2.1. Going concern

The separate financial statements of ZUE 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 the Company. The key factors with an impact on the Company's ability to continue its operations include liquidity, proper backlog and situation on the market.

In the three months ended 31 March 2024, the Company recognised the sales revenue of PLN 297.1m and the gross profit of PLN 11m. As at 31 March 2024, the Company presented the total current assets of PLN 599.2m, including trade and other receivables of PLN 148.2m and the cash of approximately PLN 29.3m. At the end of the reporting period, the Company has the backlog worth approximately PLN 1,599m and is in the process of winning new contracts.

Accordingly, 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 and 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 quarterly separate financial statements according to the regulations set out in IAS 34 "Interim Financial Reporting" and used 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 quarterly separate financial statements for the three months ended 31 March 2024 have been prepared according to the same accounting principles and measurement methods as those used in the last annual financial statements of the Company as at 31 December 2023. The financial statements for the financial year ended 31 December 2023 contain a detailed description of the accounting principles adopted by the Company.

These quarterly 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 to make judgments, estimates and assumptions that affect the adopted policies 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 values 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 2.5.1.)

Useful economic lives of non-current assets

Loss allowances for receivables (note 2.2.3.)

Provisions (note 2.2.2.)

Valuation of long-term construction contracts (note 2.2.1.)

Deferred income tax (note 2.1.7.)

Contingent assets and contingent liabilities and security on property (note 2.5.7.)

Uncertainty over tax settlements (note 2.5.6.)

No revisions to estimates occurred in the reporting period.

3. Approval of the condensed consolidated and separate financial statements

These condensed consolidated and separate financial statements for the three months ended 31 March 2024 were approved for publication by the Management Board of ZUE on 15 May 2024.

4. Signatures

The financial statements have been prepared by:

Marzena Filarek – Chief Accountant

Signatures of the management personnel:

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, 15 May 2024