



ZUE Capital Group

CONSOLIDATED HALF-YEARLY REPORT
FOR 6 MONTHS ENDED 30 JUNE 2024

Cracow, 20 August 2024

Content of the consolidated half-yearly 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

And the following separate documents:

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

Abbreviations and definitions:

ZUE, Company, Issuer, Parent Company	ZUE S.A. with registered office in Cracow, entered into the National Court Register maintained by the District Court for Cracow-Śródmieście in Cracow, XI Commercial Division of the National Court Register, under entry number KRS 0000135388, share capital of PLN 5,757,520.75 paid up in full. Parent company of the Capital Group.
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.
ZUE Group, Group, Capital Group	ZUE Capital Group including at the end of the reporting period: ZUE, Railway gft, RTI, Energopol.
PLN	Polish złoty.
EUR	Euro.
Act	Polish Companies Act (Consolidated text, Journal of Laws of 2024, item 18).

Share capital details as at 30 June 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:

	Balance at	Balance at
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	30-06-2024		31-12-2023	
	PLN '000	EUR '000	PLN '000	EUR '000
Non-current assets	217,447	50,417	193,382	44,476
Current assets	577,297	133,850	712,432	163,853
Total assets	794,744	184,267	905,814	208,329
Equity	202,544	46,961	200,075	46,015
Non-current liabilities	98,110	22,748	113,119	26,016
Current liabilities	494,090	114,558	592,620	136,297
Total equity and liabilities	794,744	184,267	905,814	208,329

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

	6 months ended		6 months ended	
	30-06-2024		30-06-2023	
	PLN '000	EUR '000	PLN '000	EUR '000
Sales revenue	617,213	143,175	540,785	117,231
Cost of sales	589,741	136,802	522,004	113,159
Gross profit (loss) on sales	27,472	6,373	18,781	4,072
Operating profit (loss)	12,275	2,847	5,973	1,295
Gross profit (loss)	9,262	2,149	5,738	1,244
Net profit (loss) from continuing operations	7,105	1,648	4,299	932
Total comprehensive income	7,250	1,682	4,194	909

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

	6 months ended		6 months ended	
	30-06-2024		30-06-2023	
	PLN '000	EUR '000	PLN '000	EUR '000
Cash flows from operating activities	-171,653	-39,818	-25,388	-5,504
Cash flows from investing activities	-167	-39	-2,869	-622
Cash flows from financing activities	-17,271	-4,006	-4,880	-1,058
Total net cash flows	-189,091	-43,863	-33,137	-7,184
Cash at the beginning of the period	223,555	51,416	63,251	13,487
Cash at the end of the period	34,194	7,928	30,096	6,763

Rules adopted to translate selected financial information into EUR:

Items	Exchange rate	30-06-2024	31-12-2023	30-06-2023
Items of assets, equity and liabilities	Mid exchange rate prevailing at the end of the reporting period	4.3130	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	4.3109	n/a	4.6130
"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	4.3130	4.3480	4.4503

II. Selected financial information of ZUE S.A.

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

	Balance at		Balance at	
	30-06-2024		31-12-2023	
	PLN '000	EUR '000	PLN '000	EUR '000
Non-current assets	210,567	48,821	186,390	42,868
Current assets	553,006	128,219	693,115	159,410
Total assets	763,573	177,040	879,505	202,278
Equity	195,590	45,349	192,986	44,385
Non-current liabilities	92,856	21,529	107,968	24,832
Current liabilities	475,127	110,162	578,551	133,061
Total equity and liabilities	763,573	177,040	879,505	202,278

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

	6 months ended		6 months ended	
	30-06-2024		30-06-2023	
	PLN '000	EUR '000	PLN '000	EUR '000
Sales revenue	570,025	132,229	490,973	106,432
Cost of sales	545,873	126,626	476,852	103,371
Gross profit (loss) on sales	24,152	5,603	14,121	3,061
Operating profit (loss)	11,489	2,665	4,488	973
Gross profit (loss)	9,403	2,181	6,272	1,360
Net profit (loss) from continuing operations	7,240	1,679	4,509	977
Total comprehensive income	7,385	1,713	4,404	955

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

	6 months ended		6 months ended	
	30-06-2024		30-06-2023	
	PLN '000	EUR '000	PLN '000	EUR '000
Cash flows from operating activities	-168,668	-39,126	-22,617	-4,903
Cash flows from investing activities	1,293	300	-4,056	-879
Cash flows from financing activities	-13,584	-3,151	-4,625	-1,003
Total net cash flows	-180,959	-41,977	-31,298	-6,785
Cash at the beginning of the period	212,159	48,795	60,256	12,848
Cash at the end of the period	30,930	7,171	28,940	6,503

Rules adopted to translate selected financial information into EUR:

Items	Exchange rate	30-06-2024	31-12-2023	30-06-2023
Items of assets, equity and liabilities	Mid exchange rate prevailing at the end of the reporting period	4.3130	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	4.3109	n/a	4.6130
"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	4.3130	4.3480	4.4503



ZUE Capital Group

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR 6 MONTHS ENDED 30 JUNE 2024

Cracow, 20 August 2024

III. Condensed consolidated financial statements of the Capital Group

Consolidated statement of comprehensive income

		Restated	
		6 months ended	6 months ended
	Note	30-06-2024	30-06-2023
Continuing operations			
Sales revenue	4.2.1.	617,213	540,785
Cost of sales	4.2.2.	589,741	522,004
Gross profit (loss) on sales		27,472	18,781
General and administrative expenses	4.2.2.	15,976	14,274
Other operating income	4.2.3.	1,670	1,859
Other operating expenses	4.2.4.	891	393
Operating profit (loss)		12,275	5,973
Finance income	4.2.5.	2,100	1,526
Finance costs	4.2.6.	5,113	1,761
Pre-tax profit (loss)		9,262	5,738
Income tax	4.2.7.	2,157	1,439
Net profit (loss) from continuing operations		7,105	4,299
Net profit (loss)		7,105	4,299
Other net comprehensive income			
Items that will not be reclassified subsequently to profit or loss:		145	-105
Actuarial gains (losses) relating to defined benefit plans		145	-105
Total other net comprehensive income		145	-105
Total comprehensive income		7,250	4,194
Number of shares		23,030,083	23,030,083
Consolidated net profit attributable to:			
Shareholders of the Parent Company		7,115	4,141
Non-controlling interests		-10	158
Net profit (loss) per share (PLN) attributable to shareholders of the Parent Company (basic and diluted)		0.31	0.18
Total comprehensive income attributable to:			
Shareholders of the Parent Company		7,260	4,036
Non-controlling interests		-10	158

Consolidated statement of financial position

		Restated	
	Note	30-06-2024	31-12-2023
ASSETS			
Non-current assets			
Property, plant and equipment		68,985	70,774
Investment property		15,601	15,911
Intangible assets		2,165	2,466
Right-of-use assets		68,305	39,689
Goodwill	4.6.1.	31,172	31,172
Investments in subordinates		328	328
Retentions on construction contracts		7,859	7,129
Deferred tax assets	4.2.7.	19,603	21,704
Loans advanced		3,294	4,117
Other financial assets		135	92
Total non-current assets		217,447	193,382
Current assets			
Inventories		52,350	70,361
Trade and other receivables	4.4.1.	225,489	172,387
Valuation of long-term construction contracts	4.3.1.	231,094	214,254
Retentions on construction contracts		26,577	20,013
Advances		4,980	10,650
Current tax assets	4.2.7.	0	190
Loans advanced		823	0
Other assets		1,790	1,022
Cash and cash equivalents		34,194	223,555
Total current assets		577,297	712,432
Total assets		794,744	905,814

EQUITY AND LIABILITIES			
Equity			
Share capital		5,758	5,758
Share premium account		93,837	93,837
Treasury shares		-2,690	-2,690
Retained earnings		104,237	101,758
Total equity attributable to shareholders of the parent company		201,142	198,663
Equity attributable to non-controlling interests		1,402	1,412
Total equity		202,544	200,075
Non-current liabilities			
Long-term loans and bank credits	4.5.1.	2,500	47,015
Long-term lease liabilities	4.5.2.	46,545	24,997
Retentions on construction contracts		21,940	17,777
Liabilities under employee benefits		1,916	2,056
Deferred tax liabilities	4.2.7.	725	667
Long-term provisions	4.3.2.	24,484	20,607
Total non-current liabilities		98,110	113,119
Current liabilities			
Trade and other payables	4.4.2.	114,938	208,557
Accruals	4.3.4.	138,689	169,167
Valuation of long-term construction contracts	4.3.1.	5,435	48,154
Retentions on construction contracts		31,523	33,103
Advances		81,337	43,330
Short-term loans and bank credits	4.5.1.	47,015	10,550
Short-term lease liabilities	4.5.2.	9,082	6,743
Other financial liabilities		4,817	36
Liabilities under employee benefits		52,792	53,092
Current tax liabilities	4.2.7.	15	4,290
Short-term provisions	4.3.2.	8,447	15,598
Total current liabilities		494,090	592,620
Total liabilities		592,200	705,739
Total equity and liabilities		794,744	905,814

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	-4,781	-4,781	0	-4,781
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	7,115	7,115	-10	7,105
Other net comprehensive income	0	0	0	145	145	0	145
Total changes in equity	0	0	0	2,479	2,479	-10	2,469
Balance at 30 June 2024	5,758	93,837	-2,690	104,237	201,142	1,402	202,544
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	4,141	4,141	158	4,299
Other net comprehensive income	0	0	0	-105	-105	0	-105
Total changes in equity	0	0	0	2,442	2,442	88	2,530
Balance at 30 June 2023	5,758	93,837	-2,690	84,918	181,823	1,475	183,298
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

	6 months ended	6 months ended
	30-06-2024	30-06-2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before tax	9,262	5,738
Adjustments for:		
Depreciation and amortisation	7,514	7,339
Foreign exchange gains / (losses)	270	18
Interest and share in profit (dividends)	1,525	636
Gain / (loss) on disposal of investments	-930	-1,453
Operating profit (loss) before changes in working capital	17,641	12,278
Change in receivables and retentions on construction contracts	-60,377	-10,812
Change in inventories	18,011	18,053
Change in provisions and liabilities under employee benefits	-3,507	-6,471
Change in payables and retentions on construction contracts	-91,985	2,016
Change in valuation of construction contracts	-59,559	-45,361
Change in accruals	-30,478	8,542
Change in advances	43,677	-3,216
Change in other assets	-786	-227
Income tax paid / (tax refund)	-4,290	-190
NET CASH FROM OPERATING ACTIVITIES	-171,653	-25,388
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of property, plant and equipment and intangible assets	1,289	2,067
Purchase of property, plant and equipment and intangible assets	-2,024	-5,375
Repayment of advanced loans	51	36
Interest received	517	403
NET CASH FROM INVESTING ACTIVITIES	-167	-2,869
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans and bank credits received	0	5,000
Repayments of loans and bank credits	-8,050	-5,000
Repayment of lease liabilities	-6,840	-3,390
Lease interest paid	-1,626	-832
Other interest paid	-755	-588
Other finance income / costs – dividends	0	-70
NET CASH FLOWS FROM FINANCING ACTIVITIES	-17,271	-4,880
TOTAL NET CASH FLOWS	-189,091	-33,137
Net foreign exchange differences	-270	-18
TOTAL NET CASH FLOWS NET OF FOREIGN EXCHANGE DIFFERENCES	-189,361	-33,155
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:	34,194	30,096
- of limited availability	25,933	7,644

Notes to the condensed consolidated financial statements of the Capital Group

1. General information

1.1. ZUE Capital Group

ZUE Capital Group was composed of the following companies as at 30 June 2024:

Company name	Registered office	Shares as at		Consolidation method
		30 June 2024	31 December 2023	
ZUE	Cracow	Parent Company	Parent Company	
Railway gft	Cracow	85%	85%	Full
ENERGOPOL	Cracow	93.6%	93.6%	Full
RTI	Cracow	100%	100%	Not consolidated – immaterial

ZUE has the power to govern the financial and operating policy of Railway gft, RTI and Energopol because as at 30 June 2024, it held a majority stake in the companies.

As at 30 June 2024, ZUE held 100% of shares in Railway Technology International Sp. z o.o. The subsidiary was not consolidated because the influence of the subsidiary's financial information on the Group's economic and financial condition was not material.

The consolidation also did not include the financial information of BPK Poznań – the subsidiary whose shares were sold on 10 August 2023.

1.2. Changes in the Group's structure in 2024 and their consequences

No major changes to the Group's structure occurred between the beginning of 2024 until the date of approval of this report.

1.3. Activities of the Capital Group

The activities of the Capital Group did not change. The Management Board Report for the first half of 2024 contains a detailed description of the Group's activities.

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

1.4. Functional and reporting currency

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

2. Operational information

2.1. Major events after the end of the reporting period

On 14 August 2024, the Company published the preliminary financial results for the first half of 2024. **(Current report 15/2024)**

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

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

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

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

Construction and assembly operations are marked by the seasonality of production and sales. The main factors influencing the amount of revenues and profits in a financial year include weather conditions and the dates of 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 budgetary objectives of local 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 snowfall in winter, many tasks are stopped or slowed down to meet technological regimes.

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

3. Corporate information

3.1. Issue, redemption and repayment of debt and equity securities

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

3.2. Dividend

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

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 a favourable opinion on the said proposal on 8 May 2024.

On 7 June 2024, the Ordinary General Meeting of ZUE S.A. passed the resolution on distribution of the Company's profit for the financial year 2023 whereby the dividend for 2023 of PLN 0.21 per share should be paid to the Company's shareholders. 12 September 2024 is the date on which the shareholders' right to dividend is set. The date of the dividend payment is 27 September 2024.

4. Financial information

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

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

In the first half of 2024, the markets where the Group operates showed a slowdown. Both the national railway and urban markets saw a smaller number of new contracts. It is a result of stagnation in the EU funding observed in previous years and the review of tender plans. Political changes unlocked the EU funding and the market anticipates a recovery in the second half of the year and in subsequent years. In June 2024, PKP PLK published the planned tenders to be announced by the end of the year. The plan includes 6 tenders to be announced in the third quarter and 8 tenders to be announced in the fourth quarter. These are the projects whose value exceeds PLN 100m. There are also 22 projects covered by the plan whose value is less than PLN 100m. The implementation of PKP PLK's objectives will have a positive and stabilising influence on the national railway infrastructure market.

In 2024, the Company and the consortium member won the tram infrastructure contract worth PLN 294.8m (ZUE: 50%). The Company continues to submit tenders on the Polish market and is preparing to do so on international markets.

4.2. Notes to the statement of comprehensive income

4.2.1. Revenue

	Period ended	Period ended
	30-06-2024	30-06-2023
Revenue from construction contracts	578,986	482,836
Revenue from the provision of services	3,011	5,895
Revenue from the sale of goods, raw and other materials	35,216	52,054
Total	617,213	540,785

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

In the reporting period, the Group operated in Poland and abroad. Revenue from construction contracts included the amount of PLN 51,934 thousand related to the contracts performed in Romania and the amount of PLN 1,439 thousand related to the contracts performed in Latvia. The Group's revenue was also generated from the sale of materials to the Czech Republic and Romania of PLN 61 thousand and the sale of services to Germany of PLN 18 thousand.

Concentration of revenues exceeding 10% of the total sales revenue

	Period ended	Period ended
	30-06-2024	30-06-2023
Counterparty A	173,962	186,700
Counterparty B	203,121	
Counterparty C		64,177

4.2.2. Operating expenses

	Period ended	Period ended
	30-06-2024	30-06-2023
Change in products	-2,223	-959
Depreciation and amortization	7,514	7,339
Consumption of materials and energy, including:	148,954	120,171
- consumption of materials	142,136	113,243
- consumption of energy	6,818	6,928
Contracted services	332,846	282,798

Employee benefit expense	73,216	72,056
Taxes and charges	1,392	1,328
Other expenses	12,407	6,464
Value of goods and materials sold	31,611	47,080
Total	605,717	536,278

	Period ended	Period ended
	30-06-2024	30-06-2023
Cost of sales	589,741	522,004
General and administrative expenses	15,976	14,274
Total	605,717	536,278

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 3%.

Depreciation and amortisation

	Period ended	Period ended
	30-06-2024	30-06-2023
Depreciation of property, plant and equipment	4,673	5,125
Depreciation of right-of-use assets	2,184	1,579
Amortisation of intangible assets	301	306
Depreciation of investments in real property	356	329
Total	7,514	7,339

4.2.3. Other operating income

	Period ended	Period ended
	30-06-2024	30-06-2023
Gain on disposal of assets	930	1,453
Gain on disposal of non-current assets	930	1,453
Other operating income	740	406
Damages and penalties	216	132
Release of write-downs of receivables	103	7
Refund of the costs of court proceedings	27	75
Substitute performance	228	162
Subsidies	117	9
Other	49	21
Total	1,670	1,859

4.2.4. Other operating expenses

	Period ended	Period ended
	30-06-2024	30-06-2023
Loss on disposal of assets	0	0
Loss on disposal of non-current assets	0	0
Other operating expenses	891	393
Donations	24	24
Damages and penalties	4	0
Making of write-downs of receivables	162	7

Costs of litigation	338	113
Substitute performance	228	162
Other	135	87
Total	891	393

4.2.5. Finance income

	Period ended	Period ended
	30-06-2024	30-06-2023
Interest income	2,048	676
Interest on bank deposits	570	659
Interest on loans	7	6
Interest on receivables	1,471	11
Other finance income	52	850
Foreign exchange gain	0	258
Discount of long-term items	0	545
Other	52	47
Total	2,100	1,526

4.2.6. Finance costs

	Period ended	Period ended
	30-06-2024	30-06-2023
Interest expense	2,074	1,363
Interest on bank credits	267	180
Interest on loans	491	418
Interest on lease liabilities	1,266	733
Interest on trade and other payables	50	32
Other finance costs	3,039	398
Foreign exchange loss	965	331
Discount of long-term items	2,053	52
Other	21	15
Total	5,113	1,761

4.2.7. Income tax

Income tax recognised in the statement of comprehensive income

	Period ended	Period ended
	30-06-2024	30-06-2023
Current income tax	15	178
Deferred tax	2,142	1,261
Total tax expense (income)	2,157	1,439

Income tax according to effective interest rate

	Period ended	Period ended
	30-06-2024	30-06-2023
Gross profit (loss)	9,262	5,738
Income tax at the applicable rate of 19%	1,760	1,090
Effect of tax recognition of:	348	373
- Utilisation of tax losses brought forward	0	43

- Expenses that are not tax-deductible under tax regulations and tax-deductible expenses not classified as balance sheet expenses	311	-62
- Revenue not classified as revenue under tax regulations and taxable revenue not classified as balance sheet revenue	-6	-497
- Difference on application of local rates - 16% Romania	31	-19
Income tax paid / tax refund on income earned abroad	15	0
Other adjustments	0	14
Tax losses on which no deferred tax asset was made	34	-38
Income tax according to effective tax rate	2,157	1,439
effective tax rate	23%	25%

Current tax assets and liabilities

	Balance at 30-06-2024	Balance at 31-12-2023
Current tax assets		
Tax refundable	0	190
Current tax liabilities		
Tax payable	15	4,290

Deferred tax

	Period ended 30-06-2024	Period ended 30-06-2023
Deferred tax balance at the beginning of the period	21,055	17,788
Temporary differences relating to deferred tax assets:	66,876	55,222
Provisions for expenses and accruals	35,472	31,978
Receivables discounting	552	612
Operating lease liabilities	8,883	3,809
Write-downs	553	857
Bonds and insurances accounted for over time	2,339	1,562
Tax work in progress	17,993	13,079
Valuation of long-term contracts	1,033	3,295
Other	51	30
Temporary differences relating to deferred tax liabilities:	60,558	45,151
Valuation of long-term contracts	35,062	27,192
Difference between the carrying and tax amount of property, plant and equipment and intangible assets	20,580	15,046
Payables discounting	2,821	2,913
Other	2,095	0
Unutilised tax losses and other tax credits carried forward:	12,560	6,481
Tax losses	12,560	6,481
Total temporary differences relating to deferred tax assets:	79,436	61,703
Total temporary differences relating to deferred tax liabilities:	60,558	45,151
Deferred tax balance at the end of the period	18,878	16,552
	,	,
Change in deferred tax, including:	-2,177	-1,236
- recognised in income	-2,142	-1,261
- recognised in equity	-35	25

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

4.2.8. Operating segments

The Group's reporting is based on operating segments. The Management Board of ZUE have identified the 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 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 included 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 presented 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 in the first half of 2024:

	Construction	Sales	Exclusions	Total
Sales revenue	587,934	31,885	-2,606	617,213
including:				
Revenue from external customers	587,465	29,748	0	617,213
Inter-segment revenues	469	2,137	-2,606	0
including:				
Revenue from construction contracts	578,986	0	0	578,986
Revenue from the provision of services	3,457	23	-469	3,011
Revenue from the sale of goods, raw and other materials	5,491	31,862	-2,137	35,216
Gross profit	25,425	2,124	-77	27,472
Finance income / costs	-2,511	-500	-2	-3,013
Interest received	808	0	-291	517
Interest paid	-2,377	-295	291	-2,381
Pre-tax profit	9,328	-50	-16	9,262
Income tax	2,221	35	-99	2,157
Net profit	7,107	-85	83	7,105
Depreciation and amortisation	7,467	47	0	7,514
Property, plant and equipment	68,779	206	0	68,985
Property, plant and equipment	222,906	412	-5,871	217,447
Total assets	787,394	22,090	-14,740	794,744
Total liabilities	585,710	15,318	-8,828	592,200

In the reporting period, the Group provided services in Poland and abroad. Revenue from construction contracts includes PLN 51,934 thousand relating to the contracts performed in Romania and PLN 1,439 thousand relating to the contract performed in Latvia. In addition, the Group generated revenue from the sale of materials to the Czech Republic and Romania (PLN 61 thousand) and the sale of services to Germany (PLN 18 thousand).

Operating segments results in the first half of 2023:

	Construction	Sales	Design	Exclusions	Total
Sales revenue	497,997	50,217	4,356	-11,785	540,785
including:					
Revenue from external customers	495,988	40,691	3,868	238	540,785
Inter-segment revenues	2,009	9,526	488	-12,023	0
including:					
Revenue from construction contracts	479,955	0	4,356	-1,475	482,836
Revenue from the provision of services	6,664	15	0	-784	5,895
Revenue from the sale of goods, raw and other materials	11,378	50,202	0	-9,526	52,054
Gross profit	15,015	2,662	1,029	75	18,781
Finance income / costs	1,636	-275	-112	-1,484	-235
Interest received	569	0	0	-166	403
Interest paid	-1,266	-306	-14	166	-1,420
Pre-tax profit	6,081	1,003	151	-1,497	5,738
Income tax	1,184	152	94	9	1,439
Net profit	4,897	851	57	-1,506	4,299
Depreciation and amortisation	7,248	34	37	20	7,339
Property, plant and equipment	69,043	299	23	2,359	71,724
Non-current assets	217,452	623	228	-6,081	212,222
Total assets	598,914	23,136	10,878	-14,387	618,541
Total liabilities	416,733	15,892	10,637	-8,019	435,243

In the reporting period, the Group provided its services in Poland and abroad. Revenue from construction contracts included PLN 3,147 thousand relating to the contracts performed in Romania. The Group also earned the revenue of PLN 266 thousand from the sale of services to Latvia and the revenue of PLN 62 thousand from the sale of materials to the Czech Republic.

4.3. Contracts, provisions, write-downs and accruals

4.3.1. Construction contracts

	Balance at 30-06-2024	Balance at 31-12-2023
Assets (selected items)	311,556	312,856
- Valuation of long-term construction contracts	231,094	214,254
- Advances made in connection with performed contracts	4,980	10,650
- Retentions on construction contracts retained by customers	34,436	27,142
- Inventories	41,046	60,810
Liabilities (selected items)	309,032	344,995
- Valuation of long-term construction contracts	5,435	48,154
- Provisions for contract costs	137,318	166,426
- Advances received in connection with performed contracts	81,213	43,330
- Retentions on construction contracts retained for suppliers	53,463	50,880
- Provisions for warranty claims	25,828	21,751
- Provisions for expected losses on contracts	5,775	14,454

4.3.2. Provisions

Change in provisions

Provisions	01-01- 2024	Made	Utilised	Released	Reclassified	30-06- 2024	Item
Long-term provisions:	22,663	4,667	191	217	-522	26,400	
Provisions for employee benefits	2,056	77	0	217	0	1,916	Liabilities under employee benefits (long-term)
Provisions for warranty claims	20,607	4,590	191	0	-522	24,484	Long-term provisions
Other provisions	0	0	0	0	0	0	Long-term provisions
Short-term provisions:	56,450	20,169	11,484	16,771	522	48,886	
Provisions for employee benefits	40,852	13,478	11,162	2,729	0	40,439	Liabilities under employee benefits (short-term)
Provisions for warranty claims	1,144	0	322	0	522	1,344	Short-term provisions
Provision for loss on contracts	14,454	5,363	0	14,042	0	5,775	Short-term provisions
Other provisions	0	1,328	0	0	0	1,328	Short-term provisions
Total provisions:	79,113	24,836	11,675	16,988	0	75,286	

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	Made	Utilised	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	1,144	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	

4.3.3. Write-downs

Change in write-downs

	01-01-2024	Made	Utilised	Released	30-06-2024
Write-downs:	37,554	4,729	1,662	781	39,840
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
Write-downs of trade receivables in connection with the increase of credit risk	34,299	4,609	1,662	731	36,515
Write-downs of trade receivables for expected credit losses	250	120	0	0	370
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 advanced	1,940	0	0	50	1,890
Total:	37,554	4,729	1,662	781	39,840

The write-downs of trade receivables of PLN 36.5m include:

- Debit notes issued by the Group for penalties, damages and substitute performance of PLN 34.7m. The amount is for presentation purposes only because the notes are not the Group's revenue at the date of issue.
- Receivables under court and enforcement cases of PLN 1.1m.
- Doubtful debt of PLN 0.7m.

Changes in receivables impairment loss

Change in the write-downs of trade receivables influencing the profit or loss includes the release of write-downs of PLN 103 thousand and the making of write-downs of PLN 162 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:

	01-01-2023	Made	Utilised	Released	31-12-2023
Write-downs:	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
Write-downs of trade receivables in connection with the increase of credit risk	32,790	19,685	2,638	15,538	34,299
Write-downs of 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 advanced	2,001	0	0	61	1,940
Total:	36,180	19,685	2,649	15,662	37,554

4.3.4. Accruals

	Balance at 30-06-2024	Balance at 31-12-2023
Provisions for contract costs	137,318	166,426
Other accruals	1,371	2,741
Total	138,689	169,167

4.4. Trade and other receivables and payables

4.4.1. Trade and other receivables

	Balance at 30-06-2024	Balance at 31-12-2023
Trade receivables	257,893	202,704
Write-downs of trade receivables in connection with the increase of credit risk	-36,515	-34,299
Write-downs of trade receivables for expected credit losses	-370	-250
Other receivables	4,481	4,232
Total trade and other receivables	225,489	172,387

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

Concentration of (gross) trade receivables exceeding 10% of total receivables:

	Balance at 30-06-2024	Balance at 31-12-2023
Counterparty A	49,532	58,511
Counterparty B	37,903	22,799
Counterparty C	26,023	
Counterparty D	23,569	

The concentration of credit risk is limited due to the fact that the creditability of the abovementioned Counterparties A, B, C and D assessed, *inter alia*, by analysing their financial standing, is high and the fact that the said Counterparties meet additional requirements concerning the settlement of the EU funds. The Group has provided services to the said Counterparties for many years. The State Treasury is the majority shareholder of the Counterparty A as a result of which their creditability is even higher. The Counterparties B, C and D are owned by cities and counties. Accordingly, the Management Board of ZUE believe there is no need to make additional provisions.

4.4.2. Trade and other payables

	Balance at	Balance at
	30-06-2024	31-12-2023
Trade payables	94,158	193,132
Liabilities to the Budget other than corporate income tax	20,419	15,083
Other payables	361	342
Total trade and other payables	114,938	208,557

4.5. Loans, bank credits, leases and other financing sources

4.5.1. Loans, bank credits and other financing sources

	Balance at	Balance at
	30-06-2024	31-12-2023
Long-term	2,500	47,015
Bank credits	0	39,515
Loans received	2,500	7,500
Short-term	47,015	10,550
Bank credits	39,515	3,050
Loans received	7,500	7,500
Total	49,515	57,565

Summary of loan and credit agreements and other sources of finance as at 30 June 2024

No.	Bank	Agreement	Principal as at 30-06-2024	Amount of available credit/loan/limit as at 30-06-2024	Use as at 30-06-2024	Interest	Repayment date
1	mBank S.A.	Multiproduct line master agreement - overdraft	15,000	15,000	0	ON WIBOR + margin	June 2025
2	mBank S.A. (i)	Multiproduct line master agreement	25,000		5,975	1M WIBOR + margin	June 2025
	including:	sublimit for bonds	25,000	19,025	5,975		
		non-revolving working capital credit	25,000	19,025	0		
3	Alior Bank S.A.	Multicurrency credit limit agreement	75,000		30,000	1M WIBOR + margin	
	including:	sublimit for bonds	75,000	45,000	30,000		June 2025
		overdraft	1,500	1,500	0		June 2026
4	Agencja Rozwoju Przemysłu S.A.	Loan agreement	10,000	0	10,000	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	BFF Polska S.A.	Master mandate agreement	24,000	24,000	0	1M WIBOR + margin	June 2025

7	mBank S.A.	Working capital credit	3,050	3,050	0	1M WIBOR + margin	June 2025
	Total amount of available loans and credits			63,060			
	Total debt under loans and credits				49,515		
	Total use for bonds				35,975		

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

Types of security and liabilities under credit and loan agreements and other sources of finance:

1. and 2. Multiproduct line master agreement:
 - a) Contractual joint mortgage on the real estate in Cracow;
 - b) Security deposit established each time for the bonds expiring after 36 months;
 - c) Financial pledge on cash kept on bank accounts maintained by the Bank;
 - d) Statement on submission to enforcement.
3. Multicurrency credit limit agreement:
 - a) Promissory note with declaration;
 - b) Assignment of receivables under contracts;
 - c) Statement on submission to enforcement;
 - d) Power of attorney to the bank account;
 - e) Deposit for each bond.
4. Loan agreement:
 - a) Contractual joint mortgage up to PLN 45,000 thousand on the plot in Poznań;
 - b) Assignment of receivables under contracts;
 - c) Registered pledge on a non-current asset – machine owned by the Company;
 - d) Statement on submission to enforcement;
 - e) Assignment of rights under insurance policy.
5. Revolving credit account agreement:
 - a) Power of attorney to the bank account;
 - b) Promissory note with declaration;
 - c) Guarantee under the Crisis Guarantee Fund;
 - d) Statement on submission to enforcement.
6. Master mandate agreement:
 - a) Right to cash consideration under the agreement.
7. Working capital credit:
 - a) Guarantee by ZUE;
 - b) Financial pledge on cash kept on bank accounts maintained by the Bank;
 - c) Statement on submission to enforcement;
 - d) ZUE statement on submission to enforcement.

The following amendments to particular credit agreements signed by the Group were made 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.
- mBank – Multiproduct line master agreement (items 1 and 2) – on 14 June 2024, the Company signed the Multiproduct line master agreement – up to PLN 15m for overdraft and PLN 25m for sublimit for bonds and working capital credit. The agreement replaces the overdraft of PLN 10m and the master agreement of PLN 25m and incorporates all unexpired bonds under the replaced master agreement.
- Alior Bank - Multicurrency credit limit agreement (item 3) – on 26 June 2024, the Company signed an annex whereby the sublimit for bonds was raised to PLN 75m and the repayment date was extended until 25 June 2025 for the bond limit and 25 June 2026 for the overdraft. The overdraft limit remained unchanged.
- BFF Polska S.A. - Master mandate agreement (item 5) – on 26 June 2024, the Company signed the Master mandate agreement for the financing of contracts as part of the Polish Deal programme.

Comparative information:

No.	Bank	Agreement	Principal as at 31-12-2023	Amount of available credit/loan/limit 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.

4.5.2. Leases

Lease liabilities

	Balance at 30-06-2024	Balance at 31-12-2023
Long-term lease liabilities	46,545	24,997
Short-term lease liabilities	9,082	6,743
Total	55,627	31,740

In the first half of 2024, the Group's lease liabilities increased by PLN 31,204 thousand and the increase included the operating lease of PLN 28,190 thousand (purchase of construction equipment).

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

4.6. Other notes to the financial statements

4.6.1. Goodwill

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

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

At cost	30-06-2024	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 had considered external circumstances influencing a long-term market capitalization of the Company below the carrying amount, the Group carried out the tests for the impairment of assets. The impairment tests carried out as at 31 December 2023 according to *IAS 36 Impairment of Assets* revealed no indication of impairment of the carrying amount of the Company's assets. As at 30 June 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.

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

The total capital expenditures disclosed in the reporting period in the statement of cash flows amounted to PLN 2,024 thousand.

As at 30 June 2024, net liabilities incurred to purchase property, plant and equipment amounted to PLN 975 thousand.

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

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

- Complete overhauls of vehicles (mainly wagons) – PLN 1,894 thousand;
- Purchase of special car – PLN 213 thousand; and
- Purchase of mobile fences – PLN 159 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 half of 2024, the Group sold the property, plant and equipment and intangible assets with the total net carrying amount of PLN 328 thousand. In the first half of 2023, the Group sold the property, plant and equipment and intangible assets with the total net carrying amount of PLN 615 thousand.

4.6.3. Financial instruments

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

Balance at 30 June 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
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Retentions on construction contracts (before discount)	37,331	0	0	0	60,760
Trade receivables	257,893	0	0	0	0
Other receivables	4,481	0	0	0	0
Other financial liabilities	0	0	0	0	4,817
Loans advanced	6,007	0	0	0	0
Cash and cash equivalents	0	34,194	0	0	0
Loans and bank credits	0	0	0	0	49,515
Lease liabilities	0	0	0	0	55,627
Trade payables	0	0	0	0	94,158
Total	305,712	34,194	0	0	264,877

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 receivables	4,232	0	0	0	0
Other financial liabilities	0	0	0	0	36
Loans advanced	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	243,658	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 reporting period.

4.6.4. Transactions with related parties

	Receivables		Payables	
	Balance at		Balance at	
	30-06-2024	31-12-2023	30-06-2024	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
	Revenue		Purchase	
	Period ended		Period ended	
	30-06-2024	30-06-2023	30-06-2024	30-06-2023
RTI	2	2	0	0
Wiesław Nowak	2	1	0	0
Family Office	3	0	0	0
Total	7	3	0	0
	Loans advanced		Finance income (interest)	
	Balance at		Period ended	
	30-06-2024	31-12-2023	30-06-2024	30-06-2023
RTI	0	0	0	0

Wiesław Nowak	0	0	0	0
Family Office	0	0	0	0
Total	0	0	0	0

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 involved the lease of rooms.

Remuneration of key management personnel

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

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

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 influences the gross profit on sales of approximately PLN 1.5m and the 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 Biadolin – 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 Biadolin – 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.

4.6.6. Tax settlements

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

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

No significant or countable tax risks were recognised by the Group as at 30 June 2024 or 31 December 2023.

4.6.7. Contingent assets and contingent liabilities and security on property

Contingent assets

	30-06-2024	31-12-2023
Bonds	122,167	116,833
Statement of submission to enforcement (Art. 777 § 1 item 5 of the Code of Civil Procedure)	0	4,805
Promissory notes	22,637	17,825
Total	144,804	139,463

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

In addition, the Group received promissory notes from counterparties to secure ZUE's claims against the counterparties in connection with loans advances and to secure the repayment of advances and other assets under the contracts.

Contingent liabilities and security on property

	30-06-2024	31-12-2023
Bonds	552,970	486,708
Guarantees	42,892	29,837
Promissory notes	362,847	303,145
Mortgages	186,529	186,529
Pledges	162,026	158,853
Total	1,307,264	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 limit agreement with PEKAO S.A. and the loan agreement with Agencja Rozwoju Przemysłu S.A.

Registered pledges were established to secure the agreements with BNP Paribas Bank Polska S.A., PEKAO S.A., CaixaBank and Agencja Rozwoju Przemysłu S.A. The pledged assets include wagons, pile driver, maintenance trains and engines.

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

4.6.8. Liabilities incurred to purchase property, plant and equipment

There were no major agreements concerning capital expenditures on property, plant and equipment as at 30 June 2024 or 31 December 2023.

4.6.9. Discontinued operations

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

4.7. Other notes to the financial statements

4.7.1. Application of the International Financial Reporting Standards

Statement of compliance

The condensed consolidated financial statements have been drawn up in accordance with IAS 34 as at 30 June 2024 as endorsed by the European Union.

The consolidated financial statements for the six months ended 30 June 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);
- **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).

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

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 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;
- **IFRS 18 "Presentation and Disclosure in Financial Statements"** (effective for annual periods beginning on or after 1 January 2027);
- **IFRS 19 "Subsidiaries without Public Accountability"** – reduced disclosures in financial statements of eligible entities (effective for annual periods beginning on 1 January 2027);
- **Amendments to IFRS 9 and IFRS 7** – recognition of financial instruments and disclosures in financial statements (effective for annual periods beginning on 1 January 2026);
- **Annual improvements to accounting standards**, including IFRS 1 with regard to hedge accounting, IFRS 7 with regard to profit and loss on removal of instrument from the balance sheet, credit risk disclosures, IFRS 9 with regard to the end of recognition of lease liability and transaction price, IFRS 10 with regard to the "de facto agent" definition and IAS 7 with regard to a more precise presentation of flows with related parties (effective for annual periods beginning on 1 January 2026).

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.

4.7.2. Important accounting principles

4.7.2.1. Going concern

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

In the 6 months ended 30 June 2024, the Group recognised the sales revenue of PLN 617.2m and the gross profit on sales of PLN 27.5m. As at 30 June 2024, the Group presented the total current assets of PLN 577.3m, including trade and other receivables of PLN 225.5m and the cash of approximately PLN 34.2m. At the end of the reporting period, the Group had the backlog worth approximately PLN 1,467m and was in the process of winning new contracts.

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

4.7.2.2. Preparation basis

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

4.7.2.3. Comparability of financial information

No changes in the presentation of financial information have been made in the comparative periods, except for the following changes.

After they had considered the specific nature of accounting for international contracts performed by consortium, the Group decided to present revenue from recharged items and the associated expenses in the statement of comprehensive income according to their netted balance. Therefore, the comparative period data was restated and the current period data was presented according to this approach.

In addition, in the statement of financial position the Group excluded certain mutual consortium settlements in assets under the item "Valuation of long-term construction contracts" and in liabilities under the item "Accruals." The comparative period data was restated.

The following table sets out the effect of changes on the consolidated statement of comprehensive income:

Continuing operations	6 months ended	6 months ended	Effect of changes
	30-06-2023	30-06-2023	
Sales revenue	540,785	541,707	-922
Cost of sales	522,004	522,926	-922
Gross profit (loss) on sales	18,781	18,781	0
Operating profit (loss)	5,973	5,973	0
Pre-tax profit (loss)	5,738	5,738	0
Net profit (loss) from continuing operations	4,299	4,299	0
Net profit (loss)	4,299	4,299	0
Other net comprehensive income			
Total other net comprehensive income	-105	-105	0
Total comprehensive income	4,194	4,194	0

The following table sets out the effect of changes on the consolidated statement of cash flows:

	Restated	Approved	Effect of changes
	Balance at	Balance at	
	31-12-2023	31-12-2023	
ASSETS			
Non-current assets			
Total non-current assets	193,382	193,382	0
Current assets			
Valuation of long-term construction contracts	214,254	243,801	-29,547
Total current assets	712,432	741,979	-29,547
Total assets	905,814	935,361	-29,547
EQUITY AND LIABILITIES			
Equity			

Total equity attributable to shareholders of the parent company	198,663	198,663	0
Total equity	200,075	200,075	0
Non-current liabilities			
Total non-current liabilities	113,119	113,119	0
Current liabilities			
Accruals	169,167	198,714	-29,547
Total current liabilities	592,620	622,167	-29,547
Total liabilities	705,739	735,286	-29,547
Total equity and liabilities	905,814	935,361	-29,547

4.7.2.4. Applied accounting principles

These half-yearly consolidated financial statements for the six months ended 30 June 2024 have been prepared according to the same accounting principles and measurement methods as those applied in the last annual financial statements of the Group as at 31 December 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 half-yearly consolidated financial statements do not contain all the information or disclosures required in the case of annual financial statements and they should be read together with the annual consolidated financial statements of the Capital Group and the annual financial statements of ZUE.

4.7.3. Sources of estimation uncertainty

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

The estimates relate, *inter alia*, to:

Impairment of goodwill (note 4.6.1.)

Useful economic lives of non-current assets

Loss allowances for receivables (note 4.3.3.)

Provisions (note 4.3.2.)

Valuation of long-term construction contracts (note 4.3.1.)

Deferred income tax (note 4.2.7.)

Contingent assets and contingent liabilities and security on property (note 4.6.7.)

Uncertainty over tax settlements (note 4.6.6.)

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



ZUE S.A.

CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR 6 MONTHS ENDED 30 JUNE 2024

Cracow, 20 August 2024

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

Separate statement of comprehensive income

		Restated	
		6 months ended	6 months ended
		30-06-2024	30-06-2023
Continuing operations	Note		
Sales revenue	2.1.1.	570,025	490,973
Cost of sales	2.1.2.	545,873	476,852
Gross profit (loss) on sales		24,152	14,121
General and administrative expenses	2.1.2.	13,494	11,211
Other operating income	2.1.3.	1,648	1,852
Other operating expenses	2.1.4.	817	274
Operating profit (loss)		11,489	4,488
Finance income	2.1.5.	2,595	3,701
Finance costs	2.1.6.	4,681	1,917
Pre-tax profit (loss)		9,403	6,272
Income tax	2.1.7.	2,163	1,763
Net profit (loss) from continuing operations		7,240	4,509
Net profit (loss)		7,240	4,509
Other net comprehensive income			
Items that will not be reclassified subsequently to profit or loss:		145	-105
Actuarial gains (losses) relating to defined benefit plans		145	-105
Total other net comprehensive income		145	-105
Total comprehensive income		7,385	4,404
Number of shares		23,030,083	23,030,083
Net profit (loss) per share (PLN) (basic and diluted)		0.31	0.20
Total comprehensive income (loss) per share		0.32	0.19

Separate statement of financial position

		Restated	
		Balance at	Balance at
ASSETS	Note	30-06-2024	31-12-2023
Non-current assets			
Property, plant and equipment		64,723	66,100
Investment property		8,918	9,132
Intangible assets		2,165	2,466
Right-of-use assets		66,954	38,622
Goodwill	2.5.1.	31,172	31,172
Investments in subordinates		6,140	6,140
Retentions on construction contracts		7,692	6,949
Deferred tax assets	2.1.7.	19,509	21,692
Loans advanced		3,294	4,117
Total non-current assets		210,567	186,390
Current assets			
Inventories		39,964	60,562
Trade and other receivables	2.3.1.	214,741	166,890
Valuation of long-term construction contracts	2.2.1.	226,487	213,792
Retentions on construction contracts		26,546	20,012
Advances		4,980	10,650
Current tax assets	2.1.7.	0	0
Loans advanced		7,713	8,140
Other assets		1,645	910
Cash and cash equivalents		30,930	212,159
Total current assets		553,006	693,115
Total assets		763,573	879,505

EQUITY AND LIABILITIES			
Equity			
Share capital		5,758	5,758
Share premium account		93,837	93,837
Treasury shares		-2,690	-2,690
Retained earnings		98,685	96,081
Total equity		195,590	192,986
Non-current liabilities			
Long-term loans and bank credits	2.4.1.	2,500	47,015
Long-term lease liabilities	2.4.2.	43,272	21,687
Retentions on construction contracts		21,628	17,499
Liabilities under employee benefits		1,752	1,867
Long-term provisions	2.2.2.	23,704	19,900
Total non-current liabilities		92,856	107,968
Current liabilities			
Trade and other payables	2.3.2.	102,133	202,567
Accruals	2.2.4.	135,943	167,066
Valuation of long-term construction contracts	2.2.1.	5,435	47,062
Retentions on construction contracts		31,503	33,024
Advances		81,213	43,330
Short-term loans and bank credits	2.4.1.	47,015	7,500
Short-term lease liabilities	2.4.2.	8,687	6,468
Other financial liabilities		4,817	36
Liabilities under employee benefits		51,256	51,619
Current tax liabilities	2.1.7.	15	4,290
Short-term provisions	2.2.2.	7,110	15,589
Total current liabilities		475,127	578,551
Total liabilities		567,983	686,519
Total equity and liabilities		763,573	879,505

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	-4,781	-4,781
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	7,240	7,240
Other net comprehensive income	0	0	0	145	145
Total changes in equity	0	0	0	2,604	2,604
Balance at 30 June 2024	5,758	93,837	-2,690	98,685	195,590
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	4,509	4,509
Other net comprehensive income	0	0	0	-105	-105
Total changes in equity	0	0	0	2,810	2,810
Balance at 30 June 2023	5,758	93,837	-2,690	78,613	175,518
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
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Separate statement of cash flows

	6 months ended	6 months ended
	30-06-2024	30-06-2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before tax	9,403	6,272
Adjustments for:		
Depreciation and amortisation	6,958	6,835
Foreign exchange gains / (losses)	270	18
Interest and share in profit (dividends)	815	-1,133
Gain / (loss) on disposal of investments	-901	-1,424
Operating profit (loss) before changes in working capital	16,545	10,568
Change in receivables and retentions on construction contracts	-55,127	-10,087
Change in inventories	20,598	11,505
Change in provisions and liabilities under employee benefits	-4,973	-5,969
Change in payables and retentions on construction contracts	-98,794	10,455
Change in valuation of construction contracts	-54,322	-44,861
Change in accruals	-31,123	8,601
Change in advances	43,553	-2,460
Change in other assets	-735	-343
Income tax paid / (tax refund)	-4,290	-26
NET CASH FROM OPERATING ACTIVITIES	-168,668	-22,617
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of property, plant and equipment and intangible assets	1,169	2,036
Purchase of property, plant and equipment and intangible assets	-1,985	-4,456
Loans advanced	-750	-2,640
Repayment of advanced loans	2,051	36
Dividends received	0	399
Interest received	808	569
NET CASH FROM INVESTING ACTIVITIES	1,293	-4,056
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans and bank credits received	0	5,000
Repayments of loans and bank credits	-5,000	-5,000
Repayment of lease liabilities	-6,685	-3,377
Lease interest paid	-1,321	-829
Other interest paid	-578	-419
NET CASH FLOWS FROM FINANCING ACTIVITIES	-13,584	-4,625
TOTAL NET CASH FLOWS	-180,959	-31,298
Net foreign exchange differences	-270	-18
TOTAL NET CASH FLOWS NET OF FOREIGN EXCHANGE DIFFERENCES	-181,229	-31,316
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:	30,930	28,940
- of limited availability	25,192	7,208

Notes to the condensed separate financial statements of ZUE

1. General information

1.1. Activities of ZUE

The activities of ZUE 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 detail.

2. Financial information

2.1. Notes to the statement of comprehensive income

2.1.1. Revenue

	Period ended	Period ended
	30-06-2024	30-06-2023
Revenue from construction contracts	561,487	473,285
Revenue from the provision of services	3,069	6,328
Revenue from the sale of goods, raw and other materials	5,469	11,360
Total	570,025	490,973

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

In the reporting period, the Company operated in Poland and abroad. Revenue from construction contracts included the amount of PLN 51,934 thousand related to the contracts performed in Romania and the amount of PLN 1,439 thousand related to the contracts performed in Latvia.

The biggest portion of revenue was derived from long-term construction contracts. The Company presents the entire revenue in one reportable segment: construction activity.

Concentration of revenues exceeding 10% of the total sales revenue

	Period ended	Period ended
	30-06-2024	30-06-2023
Counterparty A	173,928	185,956
Counterparty B	200,971	
Counterparty C		64,177

2.1.2. Operating expenses

	Period ended	Period ended
	30-06-2024	30-06-2023
Change in products	-1,456	-205
Depreciation and amortization	6,958	6,835
Consumption of materials and energy, including:	143,950	119,101
- consumption of materials	137,595	112,613
- consumption of energy	6,355	6,488
Contracted services	323,267	278,858
Employee benefit expense	68,039	65,363
Taxes and charges	1,276	1,132
Other expenses	12,323	6,321
Value of goods and materials sold	5,010	10,658
Total	559,367	488,063

	Period ended	Period ended
	30-06-2024	30-06-2023
Cost of sales	545,873	476,852
General and administrative expenses	13,494	11,211
Total	559,367	488,063

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 3%.

Depreciation and amortisation

	Period ended	Period ended
	30-06-2024	30-06-2023
Depreciation of property, plant and equipment	4,300	4,718
Depreciation of right-of-use assets	2,097	1,554
Amortisation of intangible assets	301	303
Depreciation of investments in real property	260	260
Total	6,958	6,835

2.1.3. Other operating income

	Period ended	Period ended
	30-06-2024	30-06-2023
Gain on disposal of assets	901	1,424
Gain on disposal of non-current assets	901	1,424
Other operating income	747	428
Damages and penalties	216	132
Release of write-downs of receivables	103	7
Refund of the costs of court proceedings	27	48
Substitute performance	228	162
Subsidies	117	9
Other	56	70
Total	1,648	1,852

2.1.4. Other operating expenses

	Period ended	Period ended
	30-06-2024	30-06-2023
Loss on disposal of assets	0	0
Loss on disposal of non-current assets	0	0
Other operating expenses	817	274
Donations	24	24
Making of write-downs of receivables	161	0
Costs of litigation	298	86
Substitute performance	228	162
Other	106	2
Total	817	274

2.1.5. Finance income

	Period ended	Period ended
	30-06-2024	30-06-2023
Interest income	2,336	846
Interest on bank deposits	570	659
Interest on loans	298	181
Interest on receivables	1,468	6
Other finance income	259	2,855
Dividend income	0	2,099
Discount of long-term items	0	545
Financial guarantees	207	174
Other	52	37
Total	2,595	3,701

2.1.6. Finance costs

	Period ended	Period ended
	30-06-2024	30-06-2023
Interest expense	1,721	1,027
Interest on bank credits	89	9
Interest on loans	490	410
Interest on lease liabilities	1,094	602
Interest on trade and other payables	48	6
Other finance costs	2,960	890
Foreign exchange loss	955	331
Discount of long-term items	1,984	0
Costs of share in legal persons' profit	0	559
Other	21	0
Total	4,681	1,917

2.1.7. Income tax

Income tax recognised in the statement of comprehensive income

	Period ended	Period ended
	30-06-2024	30-06-2023
Current income tax	15	14
Deferred tax	2,148	1,749
Total tax expense (income)	2,163	1,763

Income tax according to effective interest rate

	Period ended 30-06-2024	Period ended 30-06-2023
Gross profit (loss)	9,403	6,272
Income tax at the applicable rate of 19%	1,787	1,192
Effect of tax recognition of:	361	557
- Expenses that are not tax-deductible under tax regulations and tax-deductible expenses not classified as balance sheet expenses	348	217
- Revenue not classified as revenue under tax regulations and taxable revenue not classified as balance sheet revenue	18	-359
- Difference on application of local rates - 16% Romania	31	-19
Income tax paid / tax refund on income earned abroad	15	0
Other adjustments	0	14
Income tax according to effective tax rate	2,163	1,763
effective tax rate	23%	28%

Current tax assets and liabilities

	Balance at 30-06-2024	Balance at 31-12-2023
Current tax assets		
Tax refundable	0	0
Current tax liabilities		
Tax payable	15	4,290

Deferred tax

	Period ended 30-06-2024	Period ended 30-06-2023
Deferred tax balance at the beginning of the period	21,692	18,783
Temporary differences relating to deferred tax assets:	64,653	52,341
Provisions for expenses and accruals	34,329	30,375
Receivables discounting	535	574
Operating lease liabilities	8,186	3,304
Write-downs	551	541
Bonds and insurances accounted for over time	2,306	1,613
Tax work in progress	17,688	12,611
Valuation of long-term contracts	1,033	3,281
Other	25	42
Temporary differences relating to deferred tax liabilities:	57,407	41,572
Valuation of long-term contracts	34,187	25,438
Difference between the carrying and tax amount of property, plant and equipment and intangible assets	18,365	13,365
Payables discounting	2,760	2,769
Other	2,095	0
Unutilised tax losses and other tax credits carried forward:	12,263	6,290
Tax losses	12,263	6,290
Total temporary differences relating to deferred tax assets:	76,916	58,631
Total temporary differences relating to deferred tax liabilities:	57,407	41,572
Deferred tax balance at the end of the period	19,509	17,059
Change in deferred tax, including:	-2,183	-1,724
- recognised in income	-2,148	-1,749
- recognised in equity	-35	25

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

2.1.8. Operating segments

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

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

2.2. Contracts, provisions, write-downs and accruals

2.2.1. Construction contracts

	Balance at 30-06-2024	Balance at 31-12-2023
Assets (selected items)	305,669	341,512
- Valuation of long-term construction contracts	226,487	213,792
- Advances made in connection with performed contracts	4,980	10,650
- Retentions on construction contracts retained by customers	34,238	26,961
- Inventories	39,964	60,562
Liabilities (selected items)	305,315	371,668
- Valuation of long-term construction contracts	5,435	47,062
- Provisions for contract costs	134,722	165,717
- Advances received in connection with performed contracts	81,213	43,330
- Retentions on construction contracts retained for suppliers	53,131	50,523
- Provisions for warranty claims	25,040	21,036
- Provisions for expected losses on contracts	5,774	14,453

2.2.2. Provisions

Change in provisions

Provisions	01-01-2024	Made	Utilised	Released	Reclassified	30-06-2024	Item
Long-term provisions:	21,767	4,507	191	179	-448	25,456	
Provisions for employee benefits	1,867	64	0	179	0	1,752	Liabilities under employee benefits (long-term)
Provisions for warranty claims	19,900	4,443	191	0	-448	23,704	Long-term provisions
Other provisions	0	0	0	0	0	0	Long-term provisions
Short-term provisions:	55,647	18,274	10,834	16,741	448	46,794	
Provisions for employee benefits	40,058	12,911	10,586	2,699	0	39,684	Liabilities under employee benefits (short-term)
Provisions for warranty claims	1,136	0	248	0	448	1,336	Short-term provisions
Provision for loss on contracts	14,453	5,363	0	14,042	0	5,774	Short-term provisions
Other provisions	0	0	0	0	0	0	Short-term provisions
Total provisions:	77,414	22,781	11,025	16,920	0	72,250	

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	Made	Utilised	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)

							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

Change in write-downs

	01-01-2024	Made	Utilised	Released	30-06-2024
Write-downs:	37,541	3,995	1,662	781	39,093
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
Write-downs of trade receivables in connection with the increase of credit risk	34,287	3,875	1,662	731	35,769
Write-downs of trade receivables for expected credit losses	250	120	0	0	370
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 advanced	1,940	0	0	50	1,890
Total write-downs:	37,541	3,995	1,662	781	39,093

The write-downs of trade receivables of PLN 35.8m include:

- Debit notes issued by the Company for penalties, damages and substitute performance of PLN 34m. The amount is for presentation purposes only because the notes are not the Company's revenue at the date of issue; the biggest items are the note issued in the past years of PLN 32.1m.
- Receivables under court and enforcement cases of PLN 1.1m.
- Doubtful debt of PLN 0.7m.

Changes in receivables impairment loss

Change in the write-downs of trade receivables influencing the profit or loss includes the release of write-downs of PLN 103 thousand and the making of write-downs of PLN 161 thousand. The remaining balance is for presentation purposes only and results, *inter alia*, from the debit notes issued by the Company for the penalties and damages that are not the Company's revenue at the date of issue.

Comparative information:

	01-01-2023	Made	Utilised	Released	31-12-2023
Write-downs:	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
Write-downs of trade receivables in connection with the increase of credit risk	31,467	19,681	2,580	14,281	34,287
Write-downs of 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 advanced	2,001	0	0	61	1,940
Total write-downs:	43,555	19,681	2,591	23,104	37,541

2.2.4. Accruals

	Balance at 30-06-2024	Balance at 31-12-2023
Provisions for contract costs	134,722	165,717
Other accruals	1,221	1,349
Total	135,943	167,066

2.3. Trade and other receivables and payables

2.3.1. Trade and other receivables

	Balance at 30-06-2024	Balance at 31-12-2023
Trade receivables	246,399	197,258
Write-downs of trade receivables in connection with the increase of credit risk	-35,769	-34,287
Write-downs of trade receivables for expected credit losses	-370	-250
Other receivables	4,481	4,169
Total trade and other receivables	214,741	166,890

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

Concentration of (gross) trade receivables exceeding 10% of total receivables:

	Balance at 30-06-2024	Balance at 31-12-2023
Counterparty A	49,517	58,511
Counterparty B	37,903	22,799
Counterparty C	26,023	
Counterparty D	22,314	

The concentration of credit risk is limited due to the fact that the creditability of the abovementioned Counterparties A, B, C and D assessed, *inter alia*, by analysing their financial standing, is high and the fact that the said Counterparties meet additional requirements concerning the settlement of the EU funds. The Company has provided services to the said Counterparties for many years. The State Treasury is the majority shareholder of the Counterparty A as a result of which their creditability is even higher. The Counterparties B, C and D are owned by cities and counties. Accordingly, the Management Board of ZUE believe there is no need to make additional provisions.

2.3.2. Trade and other payables

	Balance at 30-06-2024	Balance at 31-12-2023
Trade payables	82,871	187,897
Liabilities to the Budget other than corporate income tax	18,931	14,346
Other payables	331	324
Total trade and other payables	102,133	202,567

2.4. Loans, bank credits, leases and other financing sources

2.4.1. Loans, bank credits and other financing sources

	Balance at	Balance at
	30-06-2024	31-12-2023
Long-term	2,500	47,015
Bank credits	0	39,515
Loans received	2,500	7,500
Short-term	47,015	7,500
Bank credits	39,515	0
Loans received	7,500	7,500
Total	49,515	54,515

Summary of loan and credit agreements and other sources of finance as at 30 June 2024

No.	Bank	Agreement	Principal as at 30-06-2024	Amount of available credit/loan/limit as at 30-06-2024	Use as at 30-06-2024	Interest	Repayment date
1	mBank S.A.	Multiproduct line master agreement - overdraft	15,000	15,000	0	ON WIBOR + margin	June 2025
2	mBank S.A. (i)	Multiproduct line master agreement	25,000		5,975	1M WIBOR + margin	June 2025
	including:	sublimit for bonds	25,000	19,025	5,975		
		non-revolving working capital credit	25,000	19,025	0		
3	Alior Bank S.A.	Multicurrency credit limit agreement	75,000		30,000	1M WIBOR + margin	
	including:	sublimit for bonds	75,000	45,000	30,000		June 2025
		overdraft	1,500	1,500	0		June 2026
4	Agencja Rozwoju Przemysłu S.A.	Loan agreement	10,000	0	10,000	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	BFF Polska S.A.	Master mandate agreement	24,000	24,000	0	1M WIBOR + margin	June 2025
	Total amount of available loans and credits			60,010			
	Total debt under loans and credits				49,515		
	Total use for bonds				35,975		

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

Types of security and liabilities under credit and loan agreements and other sources of finance:

1. and 2. Multiproduct line master agreement:
 - a) Contractual joint mortgage on the real estate in Cracow;
 - b) Security deposit established each time for the bonds expiring after 36 months;
 - c) Financial pledge on cash kept on bank accounts maintained by the Bank;
 - d) Statement on submission to enforcement.
3. Multicurrency credit limit agreement:
 - a) Promissory note with declaration;
 - b) Assignment of receivables under contracts;
 - c) Statement on submission to enforcement;
 - d) Power of attorney to the bank account;
 - e) Deposit for each bond.
4. Loan agreement:
 - a) Contractual joint mortgage up to PLN 45,000 thousand on the plot in Poznań;
 - b) Assignment of receivables under contracts;
 - c) Registered pledge on a non-current asset – machine owned by the Company;
 - d) Statement on submission to enforcement;
 - e) Assignment of rights under insurance policy.
5. Revolving credit account agreement:
 - a) Power of attorney to the bank account;
 - b) Promissory note with declaration;
 - c) Guarantee under the Crisis Guarantee Fund;
 - d) Statement on submission to enforcement.
6. Master mandate agreement:
 - a) Right to cash consideration under the agreement.

The following amendments to particular credit agreements signed by the Company were made 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.
- mBank – Multiproduct line master agreement (items 1 and 2) – on 14 June 2024, the Company signed the Multiproduct line master agreement – up to PLN 15m for overdraft and PLN 25m for sublimit for bonds and working capital credit. The agreement replaces the overdraft of PLN 10m and the master agreement of PLN 25m and incorporates all unexpired bonds under the replaced master agreement.
- Alior Bank - Multicurrency credit limit agreement (item 3) – on 26 June 2024, the Company signed an annex whereby the sublimit for bonds was raised to PLN 75m and the repayment date was extended until 25 June 2025 for the bond limit and 25 June 2026 for the overdraft. The overdraft limit remained unchanged.
- BFF Polska S.A. - Master mandate agreement (item 5) – on 26 June 2024, the Company signed the Master mandate agreement for the financing of contracts as part of the Polish Deal programme.

Comparative information:

No.	Bank	Agreement	Principal as at 31-12-2023	Amount of available credit/loan/limit 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 for both working capital credit and bank bonds.

2.4.2. Leases

Lease liabilities

	Balance at 30-06-2024	Balance at 31-12-2023
Long-term lease liabilities	43,272	21,687
Short-term lease liabilities	8,687	6,468
Total	51,959	28,155

In the first half of 2024, the Company's lease liabilities increased by PLN 30,833 thousand and the increase included the operating lease of PLN 28,190 thousand (purchase of construction equipment).

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

2.5. Other notes to the financial statements

2.5.1. Goodwill

At cost	30-06-2024	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 (difference in the fair value of the net assets at acquisition) of PLN 15,956 thousand (adjusted for a deferred tax asset) disclosed in the separate financial statements at the merger date were calculated as at the date of taking control of PRK by ZUE in 2010 and follow from the consolidated financial statements. Changes in interests resulting from the merger were accounted for as changes in equity.

ZUE and PRK merged under joint control.

The goodwill is assigned in full to the construction segment.

Goodwill impairment test

After it had considered external circumstances influencing a long-term market capitalization of the Company below the carrying amount, the Company carried out the tests for the impairment of assets. The impairment tests carried out as at 31 December 2023 according to *IAS 36 Impairment of Assets* revealed no indication of impairment of the carrying amount of the Company's assets. As at 30 June 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 1,985 thousand.

As at 30 June 2024, net liabilities incurred to purchase property, plant and equipment amounted to PLN 975 thousand.

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

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

- Complete overhauls of vehicles (mainly wagons) – PLN 1,894 thousand; and
- Purchase of mobile fences – PLN 159 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 half 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 half of 2023, the Company sold the property, plant and equipment and intangible assets with the total net carrying amount of PLN 614 thousand.

2.5.3. Financial instruments

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

Balance at 30 June 2024

Classes of financial instruments	Financial assets at amortised cost	Financial assets at fair value through	Financial assets at fair value through other	Financial liabilities at fair value through profit	Financial liabilities at amortised cost
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		profit or loss	comprehensive income	or loss	
Retentions on construction contracts (before discount)	37,054	0	0	0	60,313
Trade receivables	246,399	0	0	0	0
Other receivables	4,481	0	0	0	0
Other financial liabilities	0	0	0	0	4,817
Loans advanced	12,897	0	0	0	0
Cash and cash equivalents	0	30,930	0	0	0
Loans and bank credits	0	0	0	0	49,515
Lease liabilities	0	0	0	0	51,959
Trade payables	0	0	0	0	82,871
Total	300,831	30,930	0	0	249,475

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 receivables	4,169	0	0	0	0
Other financial liabilities	0	0	0	0	36
Loans advanced	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	246,000	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. Transactions with related parties

	Receivables		Payables	
	Balance at		Balance at	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Railway gft	112	103	1,658	1,066
BPK Poznań	0	0	0	0
RTI	0	0	0	0
Energopol	33	4	158	661
Wiesław Nowak	0	0	0	0
Family Office	0	1	0	0
Total	145	108	1,816	1,727
	Revenue		Purchase	
	Period ended		Period ended	
	30-06-2024	30-06-2023	30-06-2024	30-06-2023

Railway gft	289	290	2,137	9,504
BPK Poznań	0	274	0	488
RTI	2	2	0	0
Energopol	256	464	54	1,367
Wiesław Nowak	2	1	0	0
Family Office	3	0	0	0
Total	552	1 031	2,191	11,359
		Loans advanced	Finance income (interest)	
		Balance at	Period ended	
	30-06-2024	31-12-2023	30-06-2024	30-06-2023
Railway gft	3,000	3,000	117	135
BPK Poznań	0	0	0	21
RTI	0	0	0	0
Energopol	3,890	5,140	174	19
Wiesław Nowak	0	0	0	0
Family Office	0	0	0	0
Total	6,890	8,140	291	175

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;
- Transport services; and
- Re invoicing of costs.

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, ZUE and Energopol signed the special-purpose loan agreement of PLN 750 thousand to be repaid by 31 May 2025. The loan was disbursed in full.

On 20 June 2024, ZUE and Energopol signed an annex to the loan agreement of 23 June 2023 whereby the repayment date was extended until 31 May 2025.

ZUE is the parent company of the Group and, if needed, it guarantees the subsidiaries' liabilities. Guarantees are additional security for credit agreements and bonds provided to subsidiaries. The total amount of the guarantees as at 30 June 2024 is PLN 42,892 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 arbitration 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 4.6.5 of the 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 as at 30 June 2024 or 31 December 2023.

2.5.7. Contingent assets and contingent liabilities and security on property

Contingent assets

	Balance at	Balance at
	30-06-2024	31-12-2023
Bonds	120,125	114,857
Statement of submission to enforcement (Art. 777 § 1 item 5 of the Code of Civil Procedure)	0	4,805
Promissory notes	29,527	25,965
Total	149,652	145,627

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

In addition, the Company received promissory notes from counterparties to secure ZUE's claims against the counterparties in connection with loans advances and to secure the repayment of advances and other assets under the contracts.

Contingent liabilities and security on property

	Balance at	Balance at
	30-06-2024	31-12-2023
Bonds	532,749	471,170
Guarantees	42,892	29,837
Promissory notes	333,499	273,797
Mortgages	171,529	171,529
Pledges	143,276	140,103
Total	1,223,945	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 limit agreement with PEKAO S.A. and the loan agreement with Agencja Rozwoju Przemysłu S.A.

Registered pledges were established to secure the agreements with BNP Paribas Bank Polska S.A., PEKAO S.A., CaixaBank and Agencja Rozwoju Przemysłu S.A. The pledged assets include wagons, pile driver, maintenance trains and engines.

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

2.5.8. Liabilities incurred to purchase property, plant and equipment

There were no major agreements concerning capital expenditures on property, plant and equipment as at 30 June 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 ZUE's operations

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

2.5.11. Issue, redemption and repayment of debt and equity securities

No debt or equity securities were issued or redeemed or repaid 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 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 a favourable opinion on the said proposal on 8 May 2024.

On 7 June 2024, the Ordinary General Meeting of ZUE S.A. passed the resolution on distribution of the Company's profit for the financial year 2023 whereby the dividend for 2023 of PLN 0.21 per share should be paid to the Company's shareholders. 12 September 2024 is the date on which the shareholders' right to dividend is set. The date of the dividend payment is 27 September 2024.

2.6. Other notes to the financial statements

2.6.1. Application of the International Financial Reporting Standards

Statement of compliance

The condensed separate financial statements have been drawn up in accordance with IAS 34 as at 30 June 2024 as endorsed by the European Union.

The separate financial statements for the six months ended 30 June 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);
- **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).

According to the Company, the abovementioned amendments to the standards do not have any material impact on the separate financial statements.

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 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;
- **IFRS 18 "Presentation and Disclosure in Financial Statements"** (effective for annual periods beginning on or after 1 January 2027);
- **IFRS 19 "Subsidiaries without Public Accountability"** – reduced disclosures in financial statements of eligible entities (effective for annual periods beginning on 1 January 2027);
- **Amendments to IFRS 9 and IFRS 7** – recognition of financial instruments and disclosures in financial statements (effective for annual periods beginning on 1 January 2026);
- **Annual improvements to accounting standards**, including IFRS 1 with regard to hedge accounting, IFRS 7 with regard to profit and loss on removal of instrument from the balance sheet, credit risk disclosures, IFRS 9 with regard to the end of recognition of lease liability and transaction price, IFRS 10 with regard to the "de facto agent" definition and IAS 7 with regard to a more precise presentation of flows with related parties (effective for annual periods beginning on 1 January 2026).

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

2.6.2. Important accounting principles

2.6.2.1. Going concern

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

In the 6 months ended 30 June 2024, the Company recognised the sales revenue of PLN 570m and the gross profit on sales of PLN 24.2m. As at 30 June 2024, the Company presented the total current assets of PLN 553m,

including trade and other receivables of PLN 214.7m and the cash of approximately PLN 30.9m. At the end of the reporting period, the Company had the backlog worth approximately PLN 1,432m and was in the process of winning new contracts.

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

2.6.2.2. Preparation basis

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

2.6.2.3. Comparability of financial information

No changes in the presentation of financial information have been made in the comparative periods, except for the following changes.

After they had considered the specific nature of accounting for international contracts performed by consortium, the Company decided to present revenue from recharged items and the associated expenses in the statement of comprehensive income according to their netted balance. Therefore, the comparative period data was restated and the current period data was presented according to this approach.

In addition, in the statement of financial position the Company excluded certain mutual consortium settlements in assets under the item "Valuation of long-term construction contracts" and in liabilities under the item "Accruals." The comparative period data was restated.

The following table sets out the effect of changes on the separate statement of comprehensive income:

	Restated	Approved	
	6 months ended	6 months ended	Effect of changes
Continuing operations	30-06-2023	30-06-2023	
Sales revenue	490,973	491,895	-922
Cost of sales	476,852	477,774	-922
Gross profit (loss) on sales	14,121	14,121	0
Operating profit (loss)	4,488	4,488	0
Pre-tax profit (loss)	6,272	6,272	0
Net profit (loss) from continuing operations	4,509	4,509	0
Net profit (loss)	4,509	4,509	0
Other net comprehensive income			
Total other net comprehensive income	-105	-105	0
Total comprehensive income	4,404	4,404	0

The following table sets out the effect of changes on the separate statement of financial position:

	Restated	Approved	
	31-12-2023	31-12-2023	Effect of changes
ASSETS			
Non-current assets			
Total non-current assets	186,390	186,390	0
Current assets			
Valuation of long-term construction contracts	213,792	243,339	-29,547
Total current assets	693,115	722,662	-29,547
Total assets	879,505	909,052	-29,547

EQUITY AND LIABILITIES			
Equity			
Total equity	192,986	192,986	0
Non-current liabilities			
Total non-current liabilities	107,968	107,968	0
Current liabilities			
Accruals	167,066	196,613	-29,547
Total current liabilities	578,551	608,098	-29,547
Total liabilities	686,519	716,066	-29,547
Total equity and liabilities	879,505	909,052	-29,547

2.6.2.4. Applied accounting principles

These half-yearly separate financial statements for the six months ended 30 June 2024 have been prepared according to the same accounting principles and measurement methods as those applied in the last annual financial statements of ZUE 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 half-yearly separate financial statements do not contain all the information or disclosures required in the case of annual financial statements and they should be read together with the annual financial of statements ZUE.

2.6.3. Sources of estimation uncertainty

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

The estimates relate, *inter alia*, to:

Impairment of goodwill (note 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.)

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

3. Approval of the condensed consolidated and separate financial statements

These condensed consolidated and separate financial statements for the six months ended 30 June 2024 were approved for publication by the Management Board of ZUE on 20 August 2024.

Statement by the Management Board of ZUE

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

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

4. Signatures

The financial statements have been prepared by:

Marzena Filarek – Chief Accountant

Signatures of the management personnel:

Wiesław Nowak – Management Board President

Magdalena Nowak – Management Board Vice-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, 20 August 2024