BUDIMEX SA

FINANCIAL STATEMENTS

For the year ended 31 December 2023

Prepared in accordance with International Financial Reporting Standards
endorsed by the European Union

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(all amounts are expressed in PLN thousand)

Statement of financial position

ASSETS	Note	31 December 2023	31 December 2022
NON-CURRENT ASSETS (long-term assets)			
Property, plant and equipment	9	200 660	192 563
Intangible assets	11	30 521	34 459
Investments in subsidiaries	13	489 238	485 513
Investments in associates	13	191	191
Investments in other entities	13	93	3 266
Other financial assets	14.1; 14.2	119 238	83 740
Trade and other receivables	15	26 187	24 313
Retentions for construction contracts	26	65 920	80 269
Deferred tax assets	21	775 637	655 656
NON-CURRENT ASSETS (long-term), total		**1 707 685**	**1 559 970**
CURRENT ASSETS (short-term)			
Inventories	16	569 646	682 011
Trade and other receivables	15	1 032 531	801 590
Retentions for construction contracts	26	86 476	77 228
Valuation of construction contracts	24	438 299	485 840
Other financial assets	14.1; 14.2	29 709	5 475
Cash and cash equivalents	17	3 484 987	2 830 825
CURRENT ASSETS (short-term), total		**5 641 648**	**4 882 969**
TOTAL ASSETS		**7 349 333**	**6 442 939**

(all amounts are expressed in PLN thousand)

Statement of financial position (cont.)

EQUITY AND LIABILITIES	Note	31 December 2023	31 December 2022
EQUITY			
Issued capital	18	145 848	145 848
Share premium	18	80 199	80 199
Other reserves	18	56 285	57 672
Cumulative translation differences		5 112	6 323
Retained earnings	18	911 534	621 251
TOTAL EQUITY		**1 198 978**	**911 293**
LIABILITIES			
Non-current (long-term) liabilities			
Loans, borrowings and other external sources of finance	19	62 553	74 274
Retentions for construction contracts	26	234 390	221 109
Provisions for long-term liabilities and other charges	23	581 277	554 065
Retirement benefits and similar obligations	22	10 062	7 564
Other financial liabilities	14.1;14.3	6 405	6 621
Non-current liabilities, total		**894 687**	**863 633**
Current (short-term) liabilities			
Loans, borrowings and other external sources of finance	19	41 307	49 328
Trade and other payables	20	1 510 473	1 289 391
Retentions for construction contracts	26	213 732	205 273
Provisions for losses on construction contracts	24	758 236	791 275
Valuation of construction contracts	24	1 722 253	1 461 856
Deferred income	25	422 899	551 224
Provisions for short-term liabilities and other charges	23	478 425	290 009
Current tax liability		105 376	25 391
Retirement benefits and similar obligations	22	1 458	1 239
Other financial liabilities	14.1;14.3	1 509	3 027
Current (short-term) liabilities, total		**5 255 668**	**4 668 013**
TOTAL LIABILITIES		**6 150 355**	**5 531 646**
TOTAL EQUITY AND LIABILITIES		**7 349 333**	**6 442 939**

(all amounts are expressed in PLN thousand)

Profit and Loss Account

	Note	Year ended 31 December	
		2023	2022
Continuing operations			
Net sales of finished goods and services, goods for resale and raw materials	27	8 469 668	7 507 937
Cost of finished goods and services, goods for resale and raw materials sold	29	(7 529 508)	(6 789 565)
Gross profit on sales		**940 160**	**718 372**
Selling expenses	29	(13 379)	(13 396)
Administrative expenses	29	(291 141)	(257 837)
Other operating income	31	98 931	52 835
Other operating expenses	31	(32 569)	(40 347)
Operating profit		**702 002**	**459 627**
Finance income	32	256 074	128 279
Finance costs	32	(57 072)	(43 964)
Gross profit		**901 004**	**543 942**
Income tax	21	(151 435)	(84 403)
Net profit from continuing operations		**749 569**	**459 539**
Net profit for the period		**749 569**	**459 539**

Basic and diluted earnings per share attributable to shareholders (in PLN)	33	*29.36*	*18.00*

Statement of comprehensive income

	Note	Year ended 31 December	
		2023	2022
Net profit for the period		**749 569**	**459 539**
Other comprehensive income, of which:			
Items to be reclassified to profit or loss upon satisfaction of certain conditions:			
Cumulative translation differences (valuation of a foreign operation)		(1 211)	466
Deferred tax related to components of other comprehensive income		-	-
Items not to be reclassified to profit or loss:			
Actuarial gains/ (losses)	22	(1 712)	3 234
Deferred tax related to components of other comprehensive income	21	325	(615)
Other comprehensive income, net		**(2 598)**	**3 085**
Comprehensive income for the period		**746 971**	**462 624**

(all amounts are expressed in PLN thousand)

Statement of changes in equity

	Issued capital	Share premium	Other reserves	Cumulative translation differences	Retained earnings	Total
Balance as at 1 January 2023	**145 848**	**80 199**	**57 672**	**6 323**	**621 251**	**911 293**
Profit for the period	-	-	-	-	749 569	**749 569**
Other comprehensive income	-	-	(1 387)	(1 211)	-	**(2 598)**
Comprehensive income for the period	**-**	**-**	**(1 387)**	**(1 211)**	**749 569**	**746 971**
Dividend payment (note 34)	-	-	-	-	(459 286)	**(459 286)**
Balance as at 31 December 2023	**145 848**	**80 199**	**56 285**	**5 112**	**911 534**	**1 198 978**

(all amounts are expressed in PLN thousand)

Statement of changes in equity (cont.)

	Issued capital	Share premium	Other reserves	Cumulative translation differences	Retained earnings	Total
Balance as at 1 January 2022	**145 848**	**80 199**	**55 053**	**5 857**	**760 903**	**1 047 860**
Profit for the period	-	-	-	-	459 539	**459 539**
Other comprehensive income	-	-	2 619	466	-	**3 085**
Comprehensive income for the period	**-**	**-**	**2 619**	**466**	**459 539**	**462 624**
Dividend payment	-	-	-	-	(599 191)	**(599 191)**
Balance as at 31 December 2022	**145 848**	**80 199**	**57 672**	**6 323**	**621 251**	**911 293**

(all amounts are expressed in PLN thousand)

Statement of cash flows

	Note	Year ended 31 December	
		2023	2022
CASH FLOW FROM OPERATING ACTIVITIES			
Gross profit		**901 004**	**543 942**
Adjustments for:			
Depreciation/ amortization	29	84 007	84 963
Foreign exchange (gains)/ losses		(4 724)	1 515
Interest and shares in profits (dividends)		(66 328)	(8 453)
(Profit)/ loss on investing activities		12 896	(1 729)
Change in valuation of derivative financial instruments	14.1	(38 072)	(2 794)
Change in provisions and liabilities arising from retirement benefits and similar obligations		216 633	35 901
Other adjustments	35	(1 139)	424
Operating profit before changes in working capital		**1 104 277**	**653 769**
Change in receivables and retentions for construction contracts		(226 520)	241 764
Change in inventories		112 365	(278 486)
Change in retentions for construction contracts and liabilities, except for loans and borrowings		234 870	130 803
Change in valuation of construction contracts and provision for losses on construction contracts	24	274 899	392 443
Change in deferred income	25	(128 325)	271 700
Change in the balance of cash and cash equivalents of restricted use	17	(3 920)	13 339
Cash flow from operating activities		**1 367 646**	**1 425 332**
Income tax paid		(191 105)	(140 178)
NET CASH FROM OPERATING ACTIVITIES		**1 176 541**	**1 285 154**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of intangible assets and property, plant and equipment		5 400	6 694
Acquisition of intangible assets and property, plant and equipment		(44 314)	(22 777)
Purchase of shares in affiliates	13	(19 266)	(99 774)
Liquidation of shares in affiliates		3 118	-
Loans granted	14.2	(37 980)	(80 852)
Repayment of loans granted	14.2	13 690	32 593
Dividends received	15; 32	64 539	10 349
Interest received	14.2	7 688	943
NET CASH (USED) IN/ FROM INVESTING ACTIVITIES		**(7 125)**	**(152 824)**

(all amounts are expressed in PLN thousand)

Statement of cash flows (cont.)

	Note	Year ended 31 December 2023	2022
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	34	(459 286)	(599 191)
Payment of lease liabilities	40	(56 181)	(63 224)
Interest paid	40	(5 259)	(4 669)
NET CASH (USED) IN FINANCING ACTIVITIES		**(520 726)**	**(667 084)**
TOTAL NET CASH FLOW		**648 690**	**465 246**
Foreign exchange differences on cash and cash equivalents, net		1 552	(1 014)
CASH AND CASH EQUIVALENTS - OPENING BALANCE	17	**2 821 815**	**2 357 583**
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	17	**3 472 057**	**2 821 815**

Notes to financial statements

1. General information

Budimex SA (the „Company", „Issuer") with its registered office in Warsaw at ul. Siedmiogrodzka 9, is a joint stock company entered in the Register of Entrepreneurs kept by the District Court for the capital city of Warsaw, 13th Economic Department of the National Court Register under entry KRS No. 0000001764.

Budimex SA is the parent company of the Budimex Group (hereinafter the "Group"), in which it serves as an advisory, management and financial centre.

The Company has an unlimited period of operation.

The Company's business activities are broadly defined construction and assembly services rendered under the system of general contracting at home and abroad and, to a lesser extent, commercial and production activities.

According to the Polish Classification of Activities (Polska Klasyfikacja Działalności - „PKD" 2007"), as at 31 December 2023 the main scope of the Company's business activities was civil engineering (PKD 42.11.Z). The industry branch in which the Company operates was classified by the Warsaw Stock Exchange as general construction.

As at 31 December 2023, the Company operated the following branches:

- Oddział Budownictwa Ogólnego Północ in Poznań at ul. Wołowska 92A,
- Oddział Budownictwa Ogólnego Południe in Cracow at ul. Wielicka 20,
- Oddział Budownictwa Ogólnego Wschód in Warsaw at ul. Siedmiogrodzka 9,
- Oddział Budownictwa Komunikacyjnego Północ in Warsaw at ul. Siedmiogrodzka 9,
- Oddział Budownictwa Komunikacyjnego Południe in Cracow at ul. Wielicka 20,
- Oddział Budownictwa Komunikacyjnego Zachód in Wrocław at ul. Mokronoska 2,
- Oddział Budownictwa Przemysłowego i Kolejowego in Warsaw at ul. Siedmiogrodzka 9,
- Oddział Usług Sprzętowych in Pruszków at ul. Przejazdowa 24,
- Oddział in Rzeszów at ul. Słowackiego 24,
- Oddział in Poznań at ul. Wołowska 92A,
- Budimex SA Zweigniederlassung Köln, Pferdmengesstr. 5, Köln, Germany
- Branch in Czechia, at 1174 Ceskobrodska Str., Prague, Czechia,
- Branch in Slovakia, at 100B Vajnorska Str., Bratislava, Slovakia,
- Branch in Latvia, Mukusalas Iela 41, Riga, Latvia.

The Company operates as part of the Ferrovial Group with Ferrovial SE, with its registered office in Amsterdam, the Netherlands, as its parent company. The immediate parent company is Ferrovial Construction International SE with its registered office in Amsterdam, the Netherlands.

These financial statements were authorized by the Management Board of the Company on 8 April 2024.

The Company prepared consolidated financial statements for the year ended 31 December 2023, which were authorized for issue on 8 April 2024.

2. Going concern assumption

The attached financial statements were prepared on the assumption that the Company will continue as a going concern in the foreseeable future. As at the date of signing these financial statements, the Management Board is not aware of any facts or circumstances that would indicate any threat to the Company's continued activities after the reporting date due to an intended or compulsory withdrawal from or a significant limitation in its activities.

Budimex SA did not conduct in 2023, does not conduct at the time of the preparation of these financial statements, nor does it intend to conduct any operating activities in Ukraine, Belarus and Russia. Thus, the armed conflict that began on 24 February 2022 does not have a significant impact on the assumption of going concern at a similar level within 12 months after the reporting date, nor does it constitute an indication of impairment of the Company's assets.

3. Basis of preparing financial statements and the statement of compliance

These financial statements for the year ended 31 December 2023 were prepared in accordance with International Financial Reporting Standards ("IFRS") endorsed by the European Union ("EU") and binding as at the reporting date of these financial statements.

Standards and amendments to the standards applied for the first time in 2023

In the financial year ended 31 December 2023, the Company applied the following standards and amendments to the standards for the first time:

- Amendments to IAS 1 „Presentation of Financial Statements" and IFRS Practice Statement 2: *"Disclosure of Accounting Policies"*,
- Amendments to IAS 8 „Accounting Policies, Changes in Accounting Estimates and Errors",
- Amendments to IAS 12 „Income Taxes" - *„Deferred Tax related to Assets and Liabilities arising from a Single Transaction",*
- Amendments to IAS 12 „Income Taxes" - *„International Tax Reform - Pillar Two Model Rules",*
- IFRS 17 „Insurance contracts" and Amendments to IFRS 17,
- Amendments to IFRS 17 „Insurance Contracts" - *"Initial Application of IFRS 17 and IFRS 9 - Comparative Information".*

The above standards and amendments to the standards did not have any material impact on the Company's accounting policy applied so far.

Amendments to standards that were already issued, but have not yet become effective

In authorizing these financial statements, the Company *did not* apply the following amendments to other standards that were issued and endorsed for use in the EU, but which have not yet become effective:

- Amendments to IAS 1 „Presentation of Financial Statements" – *"Classification of Liabilities as Current or Non-current", "Classification of Liabilities as Current or Non-current - Deferral of Effective Date"* and *"Non-Current Liabilities with Covenants"* (effective for annual periods beginning on or after 1 January 2024),
- Amendments to IFRS 16 „Leases" – "*Lease Liability in a Sale and Leaseback"* (effective for annual periods beginning on or after 1 January 2024).

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

The IFRSs endorsed by the EU do not currently differ materially from the regulations adopted by the International Accounting Standards Board (IASB), except for the below Standards and Amendments to Standards, which at the date of the preparation of these financial statements have not yet been adopted for use:

- IFRS 14 „Regulatory Deferral Accounts" – according to the decision of the European Union, endorsement process of the standard in its draft form will not be initiated before the publication of standard's final version (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IFRS 10 „Consolidated Financial Statements" and IAS 28 „Investments in Associates and Joint Ventures" – *"Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"* – the work leading to the endorsement of these changes was postponed by the EU indefinitely – the date of amendments becoming effective was postponed indefinitely by the IASB,
- Amendments to IAS 7 "Statements of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" – „*Supplier Finance Arrangements"* (effective for annual periods beginning on or after 1 January 2024),
- Amendments to IAS 21 „The Effects of Changes in Foreign Exchange Rates" – *„Lack of Exchangeability"* (effective for annual periods beginning on or after 1 January 2025).

The above Standards and Amendments to Standards would not have any material impact on the financial statements, had they been applied by the Company at the reporting date.

The financial statements were prepared under the historical cost convention, except for the hyperinflation adjustment described in note 18 and except for certain financial instruments measured at fair value at the end of each reporting period in accordance with the accounting policy described below.
In principle, historical cost is determined based on the fair value of the payment for goods or services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction on the principal (or the most advantageous) market at the measurement date and under current market conditions, irrespective of whether the price is directly observable or estimated using another valuation technique. When re-measuring an asset or a liability to fair value, the Company takes into account factors specific to the asset or liability, provided such factors are considered by market participants at asset or liability measurement date. For the purpose of measurement and/or disclosure in the financial statements of the Company, fair value is defined on the above basis, except for share-based payments which are within the scope of IFRS 2, lease transactions which are within the scope of IFRS 16, as well as measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The Company classifies fair value measurements using the following fair value hierarchy that reflects the significance of a particular input to the entire measurement:

- Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date,
- Level 2 inputs: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices),
- Level 3 inputs: input data for the asset or liability that are not based on observable market data (i.e. unobservable source data).

4. Key accounting policies

The main accounting policies applied during the course of the preparation of these financial statements are presented below. These accounting policies have been applied consistently in all the periods presented, except for the application of new or amended standards and IFRIC interpretations effective for annual periods commencing on or after 1 January 2023.

4.1 Foreign currency transactions and valuation of foreign currency items

Functional and presentation currency

Items recognised in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial data are presented in Polish zloty, which is the functional and presentation currency of the Company. Figures in the financial statements are rounded up to the nearest PLN thousand, unless stated otherwise in specific cases.

Transactions and balances

Foreign currency transactions are initially stated in the functional currency; for the purpose of translation of foreign currency balances, a spot exchange rate (of the functional currency into foreign currency) prevailing on the transaction date is used.

At each reporting date:

- monetary items expressed in foreign currency are translated using the closing rate,
- non-monetary items stated at historical purchase price or at cost of production expressed in foreign currency are translated using the exchange rate prevailing on the transaction date,
- non-monetary items stated at fair value expressed in foreign currency are translated using the exchange rates prevailing on the date, on which the fair value was determined.

Foreign exchange differences relating to foreign currency assets and liabilities that originated on the date of assets and liabilities measurement, on settlement of foreign currency receivables and payables as well as on sale of currencies are included under finance income or finance costs, as appropriate. For non-monetary items measured at fair value, if gains or losses on re-measurement to fair value are recognised in equity, exchange differences are also recognised in equity. On the other hand, if gains or losses from re-measurement to fair value are recognized in the profit and loss account, exchange differences are recognised in the same way i.e. in the profit and loss account.

Foreign operations

The financial result, assets, equity and liabilities of foreign operations with a functional currency other than that of the Company (in Euro and Czech koruna) are translated into Polish zloty as follows:

- assets and liabilities are translated using the closing rate prevailing at the reporting date,
- revenues and costs are translated using the exchange rate being the arithmetic mean of the average exchange rates set by the National Bank of Poland on the last day of each ended month of the period from 1 January to 31 December of each year,
- all resultant exchange differences are recognised as a separate component of other comprehensive income and accumulated as an item of equity under "Cumulative translation differences" (foreign operations).

4.2 Property, plant and equipment

Property, plant and equipment are stated at cost or cost of production less accumulated depreciation and impairment losses. Land that is not used for mining (non-mining land) is stated at cost less accumulated impairment losses.

Property, plant and equipment, except for the land not intended for mining, are depreciated in the manner reflecting the pattern of consumption of economic benefits of specific items, so as to spread their initial cost reduced by residual value over their estimated useful life. The Company uses the straight-line depreciation method for property, plant and equipment, with the exception of land used as sand mines. Depreciation starts when a given item of property, plant and equipment is available for use.

The useful lives of the Company's property, plant and equipment are as follows:

- right-of-use asset - land 2 – 71 years
- land – mines natural
- own buildings and constructions 2 – 40 years
- right-of-use asset - buildings and constructions 2, – 7 years
- own plant and machinery 2 – 30 years
- right-of-use asset - plant and machinery 2 – 25 years
- own means of transport 2 – 14 years
- right-of-use asset - means of transport 2 – 8 years
- own other [tangible] fixed assets 2 – 14 years
- right-of-use asset - other [tangible] fixed assets 2 – 3 years

A separate item of property, plant and equipment is recognised only when it is probable that an inflow of economic benefits will flow to the Company and the cost or cost of production of the item can be reliably measured. Any subsequent expenditure incurred to increase the usefulness of assets item, to replace asset component or renew it is included in the carrying amount of the given item. Other costs incurred since the initial recognition such as costs of repair, overhaul or operating fees affect the financial result for the reporting period, in which they were incurred, except for the significant costs of general overhauls which are recognised in the carrying amount of (capitalised in) the appropriate item of property, plant and equipment.

The residual value and useful lives of property, plant and equipment are verified at least once a year and adjusted if the expectations differ from previous estimates. Where the carrying amount of a given item of property, plant and equipment exceeds its estimated recoverable amount, the carrying amount is written down to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by way of comparing sale proceeds and assets carrying amount and are recognised in the profit or loss.

Construction in progress

Construction-in-progress is stated at the amount of aggregate costs directly attributable to the acquisition or production of such assets, including financing costs, less any impairment losses. Construction-in-progress is not depreciated until completed and brought into use.

Prepayments (advance payments) for construction in progress are presented under property, plant and equipment.

4.3 Intangible assets

Intangible assets are recognised if it is probable that the future economic benefits that are directly attributable to the assets will flow to the Company and that the acquisition cost or cost of development of an intangible asset can be reliably measured.

Initially, intangible assets are stated at cost or cost of development. Following initial recognition, intangible assets are stated at cost or cost of development less accumulated amortisation and the total amount of impairment losses.

Intangible assets are amortized using the straight-line method over their estimated useful lives.

The expected useful lives of the Company's intangible assets are as follows:

- development costs 2 years
- software 2 – 10 years

The estimated useful life and the amortisation method are subject to review at the end of each financial year and the results of changes in estimates are accounted for prospectively.

Prepayments for the purchase of intangible assets are presented under intangible assets.

4.4 Long-term assets (disposal groups) classified as held for sale

Included in this group are non-current assets (or disposal groups) provided their carrying amount will be recovered primarily through disposal rather than through their further use.

Non-current assets (or disposal groups) are measured at the lower of carrying amount and fair value less selling expenses. The fair value of non-current assets (disposal groups) classified as held for sale is determined in accordance with IFRS 13. When long-term assets are classified as assets held for sale (disposal groups), their depreciation is suspended.

4.5 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost or cost of production of that asset until such assets are generally fit for the intended use or disposal.

Borrowing costs comprise interest calculated using the effective interest rate method, finance charges under lease contracts and foreign exchange differences arising from external financing to the amount matching cost adjustment.

Other borrowing costs are recognised as an expense in the period in which they are incurred.

As at 31 December 2023 and as at 31 December 2022, there were no borrowing costs capitalised in the cost of property, plant and equipment and intangible assets.

4.6 Leases

At inception of a contract, Budimex SA makes an assessment whether the contract contains a lease. A contract is a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At lease commencement date, the Company recognises a right-of-use asset and, as a corresponding entry, a lease liability.

The right-of-use asset is initially measured at cost, which comprises the amount of the initial measurement of lease liability, increased by:

- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee;
- an estimate of the costs to be incurred by the lessee in dismantling the underlying asset/ restoring the site where it was located or renovating the underlying asset itself.

After lease commencement date, the right-of-use asset is depreciated and assessed for impairment in accordance with IAS 36. The value of the right-of-use asset is re-measured if lease liability, as a corresponding entry, was re-measured due to a change in the existing fixed lease instalments or due to a change or reassessment of the lease.

The lease liability is initially measured at the present value of lease payments outstanding at that date. Lease payments are discounted using the incremental borrowing rate calculated for the Company as the lessee.

After the commencement date, the lease liability is increased by accrued interest and reduced by lease payments made. As stated above, the value of the lease liability may be updated as a result of changes or reassessments to the lease or as a result of changes to the fixed lease payments made to date.

Presentation/ Disclosure

Budimex SA decided to account for the right-of-use assets in the same reporting line item, in which said assets would be presented had they been owned by the lessee. This means that the right-of-use assets were presented in the following reporting line items:

- “property, plant and equipment” (contracts of rent/ hire/ lease of office space, plots of land used temporarily as construction sites, passenger and commercial (heavy goods) vehicles and the right of perpetual usufruct of land used for the Company’s own needs).

Lease liabilities were presented under „Loans, borrowings and other external sources of finance”, and the value of lease liabilities was disclosed in the notes to the financial statements.

Right to perpetual usufruct of land vs IFRS 16

Based on the general definition of a lease, the Company determined that the perpetual usufruct right to land, in accordance with IFRS 16, meets the definition of a lease and thus should be recognized in the statement of financial position as a right-of-use asset.

As regards the right of perpetual usufruct used for the Company’s own needs, it is recognized under tangible fixed assets, is subject to depreciation, and interest on the liability from lease of right of perpetual usufruct is charged to finance costs of the Company. As a corresponding entry, Budimex SA recognises a long- or short-term lease liability, as appropriate.

Exemptions and practical expedients

The Company decided to apply the exemption provided in paragraph 5 of IFRS 16. This means that in the case of short-term lease contracts and lease contracts where the underlying asset is of low value the Company recognizes lease payments associated with such asset as an expense in the profit and loss account on either the straight-line or other systematic basis.

Budimex SA assumed that the low value is the Polish zloty equivalent of USD 5 000. The selection of the exemption from recognition of short-term leases was made for all types of right-of-use assets.

4.7 Impairment of non-financial assets

An assessment is made by the Company at each reporting date to determine whether there is any objective evidence that a non-financial asset or a group of such assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined, and an impairment loss is recognised for the difference between the recoverable amount and the carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The latter corresponds to the present value of estimated future cash flows discounted using the pre-tax discount rate, which includes the current market assessment of the time value of money and the risk specific to a given item of assets.

For the purpose of impairment testing, assets are grouped on the lowest possible level, on which identifiable separate cash flows (cash generating units) occur. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets.

Impairment losses are recognised in the profit and loss account.

If a previously recognised impairment loss is reversed, the net carrying amount of an asset (or a cash generating unit) is increased to a new estimated recoverable amount. That increased amount cannot exceed the total of carrying amount of this asset that would have been determined, had no impairment loss been recognised for the asset (cash generating unit) in prior years. Such reversal is recognised immediately in the profit or loss.

4.8 Inventories

Inventories [stocks of tangible current assets] comprise raw materials, goods for resale, work in progress and finished goods. In classifying inventory items to individual categories, the following policies are applied by the Company:

- Raw materials – represent items kept in storage areas for use in production processes, especially for consumption in construction activities,
- Work in progress – represents general purpose and low processed inventory items which are stored on construction sites, and which can be easily and without incurring significant costs used for other construction projects or sold (if considered unnecessary for the performance of a given contract),
- Goods for resale – inventory items purchased for re-sale purposes,
- Finished goods – internally developed goods for which the process of development was completed.

Materials and other items purchased or developed specifically for the implementation of a given contract, whose disposal or straightforward use for other construction projects is not certain are recognised directly in contract costs.

Inventories are measured at the lower of cost or cost of production and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, net of VAT and excise taxes, less any rebates, discounts, less the estimated cost of completion and the estimated costs necessary to make the sale.

Issues/ decreases of raw materials are measured at cost determined as the weighted average price of raw materials. Issues/ decreases of goods for resale are measured at cost determined on the "first in – first out" basis, while those of the work in progress and finished goods – at the cost of direct materials and labour and an appropriate proportion of manufacturing overheads based on normal capacity utilisation *(normalne wykorzystanie zdolności produkcyjnych).*

Prepayments for the purchase of inventory items are presented under short-term receivables.

4.9 Cash and cash equivalents

Cash on hand and cash at bank is carried at nominal value.

"Cash and cash equivalents" presented in the statement of cash flows comprise cash on hand, a-vista deposits and these bank deposits with a maturity date of up to 6 months which can easily be changed into known amount of cash and which incur insignificant risk of price fluctuations.

Included in the cash of restricted use are mainly cash items representing:

- security for bank guarantees,
- funds accumulated on split payment accounts,
- funds on escrow and current accounts in the part due to the contractors performing construction contracts.

The Company recognises cash of restricted use in the statement of financial position under cash and cash equivalents, while for the purpose of the statement of cash flows – the balance of cash at the beginning and at the end of the reporting period is reduced by cash of restricted use and change in its balance is recognised under cash flow from operating activities.

4.10 Financial instruments

Classification and measurement

A financial asset is any asset that belongs to the following categories:

- cash and cash equivalents,
- equity instruments of other entities,
- contractual right:
  - to receive cash or other financial assets from another entity, or
  - to exchange financial assets or financial liabilities with other entity under conditions that are potentially favourable to the Company,
- a contract that will or may be settled in the entity's own instruments and is:
  - a non-derivative instrument for which the Company is or may be obliged to receive a variable number of own equity instruments, or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments.

A financial liability is any liability that is:

- a contractual obligation:
  - to deliver cash or another financial asset to another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- a contract that will or may be settled in the Company's own equity instruments and is:
  - a non-derivative for which the Company is or may be obliged to accept a variable number of own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to a binding contract.

Initially financial assets are measured at fair value (the initial cost of the financial assets and financial liabilities subsequently measured at amortized cost is adjusted for transaction costs).

Trade receivables which do not contain any significant financing component (within the meaning of IFRS 15) are initially stated at their transaction price.

The classification of financial assets is based on the business model of the Company for managing the financial assets and based on the characteristics of contractual cash flows for a given financial asset.

In the periods following the initial recognition, financial assets are measured at:

- amortized cost,
- fair value through other comprehensive income (FVOCI),
- fair value through profit or loss (FVPL).

A financial asset is recognised at amortized cost, if:

- it is held in accordance with the business model whose objective is to collect contractual cash flows ("hold to collect business model"), and
- the contractual cash flows of an asset give rise to payments on specified dates that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income (FVOCI), if:

- it is held in accordance with the business model whose objective is both to collect contractual cash flows and to sell the financial asset, and
- the contractual cash flows of an asset give rise to payments on specified dates that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

In addition, the Company is entitled to irrevocably determine a non-tradable investment in equity instruments, which, upon initial recognition, was measured at fair value through other comprehensive income (FVOCI) (otherwise, such investment would be measured at fair value through profit or loss (FVPL)). The amounts accumulated in other comprehensive income shall not be reclassified to the profit or loss, even upon de-recognition from the statement of financial position. Such investment is a non-monetary (non-cash) item. If the investment is denominated in a foreign currency, the exchange differences are recognized in other comprehensive income. Dividends, on the other hand, are recognized in the profit and loss account.

In all other cases, a financial asset is measured at fair value through profit or loss (FVPL).

Trade receivables arising from executed construction contracts or made inventory prepayments (but not classified as financial instruments) are recognised as current receivables, since it is expected that these will be settled during the course of a normal operating cycle of the entity.

Receivables from retentions for construction contracts and loans with a maturity of less than 12 months are recognised as current assets. Long-term liabilities arising from retentions for construction contracts are discounted to the present value using the effective interest rate.

Assets are derecognised when the contractual rights to the underlying cash flow expired or were transferred, and the transfer was made of substantially all of the risks and rewards of the ownership of the assets.

Revenue from interest on financial assets (measured, as appropriate, at amortized cost, FVPL or FVOCI) is recognised under finance income.

After initial recognition, all financial liabilities which are measured at amortized cost, except for financial liabilities that are classified as at fair through profit or loss (meeting definition of held for trading), are measured at fair value.

The special sub-category of financial assets and financial liabilities held for trading are derivative financial instruments. Transactions involving derivative financial instruments are also made to hedge cash flows against foreign exchange risk.

At the reporting date, derivative financial instruments are measured at reliably determined fair value. The fair value of derivative financial instruments is assessed using the model which is based, among others, on currency exchange rates (closing rate) prevailing at the reporting date or on differences in interest rate levels of the quotation and base currencies.

The effects of periodic valuation of derivatives hedging foreign currency construction contracts against the risk of FX fluctuations as well as gains and losses determined at their settlement date are reported in the profit and loss account under "Other operating income (expenses)" as part of operating activity.

The effects of periodic valuation of derivatives hedging the items of financing activities against the risk of interest rate or FX fluctuations as well as gains and losses determined at their settlement date are reported in the profit and loss account under "Finance income (finance costs)" as part of financing activity.

The Company does not apply hedge accounting.

As regards transactions on the money, equity or derivatives markets, Budimex SA cooperates with prime banks, without causing significant credit risk concentration in the process.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECL allowance). Credit losses are a difference between all cash flows due and receivable under the given contract and the cash flows that are actually expected, after considering any shortages (i.e. default payment). If the financial assets covered by the impairment write-down are long-term, then the ECL allowance is discounted using the original effective interest rate (i.e. the interest rate prevailing at the time of asset recognition).

Amount of expected credit loss allowance

Where the financial assets are covered by IFRS 15 (i.e. trade receivables, retentions for construction contracts and valuation of construction contracts), the Company measures the amount of lifetime ECL allowance of the given financial asset.

Where the financial assets are *not* covered by IFRS 15 (i.e. investments in equity instruments, loans granted and other financial assets not measured at fair value), credit losses are estimated for the entire estimated lifetime of the given financial asset, if credit risk related to the given financial asset significantly increased from the time of asset's initial recognition. If credit risk did not significantly increase from the asset's initial recognition, the ECL allowance is recognized at the amount of the 12-month expected credit losses (12-month ECL).

In the case of financial assets not covered by IFRS 15, if the Company initially recognised the lifetime ECL allowance for a financial asset and then at the following reporting date ascertained that the related credit risk *was no longer* significantly higher, the Company re-measured the lifetime ECL allowance to the amount of 12-month expected credit losses.

4.11 Equity

Issued capital comprises ordinary shares and is recorded at nominal value (consistently with the provisions of the Company's Articles of Association and entry in the National Court Register) adjusted by the effects of hyperinflation for the period, in which Polish economy was hyperinflationary.

Share premium represents a difference between the price for which Company's shares were taken up and their nominal value. It was adjusted by the effects of hyperinflation for the period, in which Polish economy was hyperinflationary.

Other reserves cover the capital established in accordance with Polish statutory requirements, capital established in accordance with the Company's Articles of Association in excess of statutory amounts, costs of the share-based payment scheme operated by Ferrovial SE (note 36) as well as actuarial gains/(losses) on retirement benefits and similar obligations.

Cumulative translation differences comprise the effect of translation of the financial statements of foreign operations of the Company from foreign currency to Polish zloty (PLN).

4.12 Employee benefits

The Company operates retirement benefits/ pension plan programs and to this end creates provisions for the present value of their underlying liabilities, recognised under *"Retirement benefits and similar obligations"*. Payments under these programs are expensed so as to ensure that the costs of those benefits are spread over employees' entire working lives at the Company. The amount of the provision is determined by an independent actuary using the projected unit credit method. Actuarial gains and losses on post-employment benefits are recognised in other comprehensive income and are not transferrable to profit or loss.

Future employee benefits and allowances *are not* funded as no separate fund is recognised for this purpose.

4.13 Share-based payments

Ferrovial SE, the ultimate parent company, operates own equity-settled, share-based compensation plan under which employees of the Company render services to the Company and to its subsidiaries in exchange for equity instruments of Ferrovial SE. In accordance with IFRS 2, the fair value of employee services provided in exchange for equity awards of Ferrovial SE is recognised in the financial statements as an expense with a corresponding increase in other reserves or liabilities, over the period in which vesting conditions are fulfilled (vesting period). The fair value of employee services is indirectly measured by reference to the fair value of awarded equity instruments determined at the grant date. Vesting conditions, other than market conditions, are taken into account by adjusting the number of equity instruments included in the measurement of the entire transaction so that, ultimately, the cost of services received is based on the number of equity instruments that are expected to vest.

Pursuant to an agreement with Ferrovial SE concluded in 2014, Budimex SA undertook to cover program costs with respect to the tranche of equity instruments granted in 2014 and in the ensuing years. Therefore, the fair value of employee services related to equity instruments granted in 2014 and in the ensuing years was classified as liabilities (with a corresponding cost entry). The fair value of equity awards granted in the years 2010-2013 was recognized in other reserves.

4.14 Provisions

The Company creates provisions for future liabilities, the maturity or amount of which are not certain. Provisions are recognised when:

- the Company has a present obligation (legal or constructive) as a result of a past event, and
- it is highly probable that settlement of this obligation will result in an outflow of resources embodying economic benefits, and
- a reliable estimate can be made of the amount of this obligation.

In the case of rendered construction services, the Company is required to provide appropriate warranties. The amount of warranty provision is linked to particular construction segments and ranges from 0.3% to 1.5% of total revenue from a given contract. This value is assessed on an individual basis and in justified cases may be increased or decreased. The costs of future warranty repairs are recognised in the cost of goods sold.

The Company creates provisions for penalties and compensations where it is highly probable that a penalty may be imposed. Created or released provisions for penalties from an investor adjust the amount of sales revenue. On the other hand, created or released provisions for penalties from other entities are recognized as other operating expenses or other operating income, respectively. Where the provision for penalties from entities other than the investor is created and released in the same financial year, the release of the provision is recognized as a decrease in other operating expenses.

4.15 Recognition of revenues and expenses

Revenue from contracts with customers is recognised only if all of the below conditions have been fulfilled:

- the parties to the contract have approved the contract and are committed to perform their respective obligations,
- the Company can identify each party's rights regarding the goods or services to be transferred,
- the Company can identify the payment terms for the goods or services to be transferred,
- the contract has commercial substance,
- it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

The Company combines two or more contracts entered into at or near the same time with the same customer (or related parties of the customer) and accounts for the contracts as a single contract if:

- the contracts are negotiated as a package (bundle) with a single commercial objective;
- the amount of consideration payable under one contract depends on the price or performance of another contract, or
- the goods or services promised in the contracts are a single performance obligation.

The Company accounts for a contract modification as a separate contract if the scope of the contract increases because of the addition of promised goods or services that are distinct and if the price of the contract increases by an amount of consideration that reflects the entity's stand-alone selling prices of the additional promised goods or services.

The Company recognises revenue when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Revenue is recognised as the amounts equating the transaction price which was allocated to individual performance obligation in the contract,

At contract inception, the Company assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer a good or service (or a bundle of goods or services) that is distinct, or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the company’s performance as the Company performs,
- the Company’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or
- the Company’s performance does not create an asset with an alternative use to the Company and it has an enforceable right to payment for performance completed to date.

It is assumed that in rendering by the Company of construction services, principally one performance obligation arises. Thus the issue of allocation of transaction price to each performance obligation (or good or service) identified in the contract does not require estimation.

IFRS 15 requires that a uniform method is applied to recognise revenue from contracts and obligations which show similar characteristics. The Company’s preferred method of measuring the value of goods and services transferred to the customer as the respective performance obligations are satisfied over time is the surveys of work performed method or the work progress measurement method *(metoda obmiaru wykonanych prac),* which is the results-based method, as long as during the course of contract performance measurement is possible of the progress towards complete satisfaction of that performance obligation.

Given the above, the method of the proportion that the costs incurred to the date of revenue determining bear in the total cost of goods or services (the expenditure-based method) is applied only where the progress of works may not be reliably measured using the work progress measurement (results-based) method.

In the contracts for services, under which goods and services are principally the same and under which goods and services have the same consumption pattern in such way that the customer consumes the goods and services as it receives them, the revenue recognition method selected by the Company is based on the time that has passed, while the costs are recognised in accordance with the accruals concept.

If the outcome of a performance obligation may not be measured in a reliable manner, revenue is recognised only to the extent of the costs incurred that the Company expects to recover.

If contract performance obligation is not satisfied over time, it is assumed that the Company satisfies it at a point in time.

Where it is possible that the total contract costs will exceed total contract revenue, then in accordance with IAS 37 the expected loss (excess of direct costs and a reasonable part of indirect costs over revenues) is recognised as an operating expense with a corresponding entry being recognition of a provision for onerous contracts (provision for contracts losses).

Included in assets under "Valuation of construction contracts" is valuation referring to all contracts in progress, for which recognised revenues exceed progress billings. The outstanding accrued and invoiced amounts due and payable for the contract work performed are recognised under "Trade and other receivables", while the amounts retained by customers - under "Retentions for construction contracts".

Included in liabilities under "Valuation of construction contracts" is valuation referring to all contracts in progress, for which progress billings exceed recognised revenues. Recorded under "Amounts due and payable to customers under construction contracts" are also provisions for contract losses. The outstanding amounts due and payable to suppliers, for which invoices have been received are recognised under "Trade and other payables", while the amounts received from suppliers - under "Retentions for construction contracts".

The incremental costs of obtaining a contract are recognized as an expense for the period due to the lack of certainty as to their recovery.

Customer contracts concluded by the Company do not include a significant financing component. In case of construction contracts, investor advance payments are consumed by the expenditure incurred at construction initial stages, and so no long-term financing of executed construction with received advance payment exists.

The Company analyses whether the concluded contracts contain the variable consideration element and, in the event of identifying significant values, estimates the total amount of the consideration to which it will be entitled.

Consideration received in respect of undelivered goods or uncompleted services (advance payments) is recognised in the statement of financial position as deferred income.

Interest income is recognised with respect to the principal amount due and receivable in accordance with the effective interest rate method.

Dividend income is recognised when the shareholder right to receive dividend has been established.

In accordance with the accruals concept, the Company recognises in the profit and loss account all costs relating to the given period, irrespective of the period, in which they were actually settled. The incurred costs that do not relate to the given period are recognised under assets as prepayments (in the line item „Trade and other receivables"), while the non-incurred costs that relate to the given period – under liabilities from un-invoiced costs (in the line item: „Trade and other payables").

4.16 Gross profit/ (loss) on sales

Gross profit/ (loss) on sales is the difference between:

- revenue from the sale of ordinary production and other services rendered as part of ordinary business activities of the Company, and from sale of goods for resale and raw materials, and
- the cost of development of finished goods and services sold and the purchase cost of goods for resale and raw materials sold.

4.17 Operating profit/ (loss)

Operating profit/ (loss) covers revenues and costs of operating activities without taking into account finance costs and finance income, which primarily include interest, foreign exchange differences and cost of commission and bank guarantees.

4.18 Income tax (incl. deferred tax)

The item "income tax" in the profit and loss account includes current and deferred tax.

Income tax on revenues earned in Poland is calculated in accordance with Polish tax regulations, while revenues from a foreign operation are subject to local tax regulations, after considering appropriate agreements to prevent double taxation (double taxation conventions).

Due to the temporary differences between the carrying amount of assets and liabilities recognised in the books of account and their tax bases and due to carry-forward of unused tax losses, the Company recognises deferred tax liabilities and deferred tax assets in its financial statements.

Deferred tax liabilities are recognised in the amount of income tax to be paid in the future in respect of all taxable temporary differences i.e. differences that will cause an increase in the tax base (taxable amount) in the future.

Deferred tax assets are determined in the amount that is expected to be deducted from income tax in connection with deductible temporary differences, which in the future will cause a decrease in the tax base (taxable amount) and in the amount of carry-forward of unused tax losses.

The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available in the future to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and deferred tax liabilities are measured using the tax rates that are expected to apply in the period when the asset is realised and or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. Deferred tax assets and deferred tax liabilities are netted off.

Current tax and deferred tax are included in the profit and loss account, except for the items recorded in other comprehensive income or directly in equity. In such situation, current tax and deferred tax are also included, as appropriate, in other comprehensive income or in equity.

4.19 Value added tax

Revenues, expenses, assets and liabilities are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the tax authorities, in which case value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated inclusive of value added tax.

The net amount of value added tax recoverable from, or payable to the tax authority is included as part of receivables or payables in the statement of financial position.

4.20 Recognition of uncertain tax position

If according to the Company's assessment it is probable that the tax authorities will accept an uncertain tax treatment or a group of uncertain tax treatments, the Company determines taxable income (tax loss), tax base, carry-forwards of unused tax losses and unused tax credits and tax rates, after considering in its tax return the applied or planned approach to taxation.

If the Company ascertains that it is not probable that the tax authorities will accept an uncertain tax treatment or a group of uncertain tax treatments, the Company reflects the impact of this uncertainty in determining taxable income (tax loss), carry-forward of unused tax losses, unused tax credits or tax rates by determining the most probable scenario, which is a single amount from among possible results.

4.21 Joint arrangements

The Company's share in joint arrangements depends on joint arrangement classification. Where a joint arrangement is classified as:

- joint operation - (registered partnerships, civil law partnerships – where the partners have right to their share in the assets and obligations for the liabilities relating to the arrangement) – the Company recognises its assets and liabilities (including share in the assets and liabilities held/incurred jointly) and its part of revenues and costs of a joint operation,
- joint venture (companies – where shareholders have right to company's net assets) – the Company recognises its share using the equity method.

5. Key estimates and assumptions

Estimates and assumptions are verified on an ongoing basis. These result from previous experience and other factors, including forecasts of future events, which seem to be reasonable in the given circumstances.

5.1 Key accounting estimates

The Company's Management Board makes estimates and assumptions regarding the future which are reflected in these financial statements. The actual results may differ from these estimates. The Company's estimates relate, among others, to established provisions, valuation of construction contracts, impairment write-downs of assets, accruals and deferred income or adopted depreciation/ amortisation rates. The significant assumptions made in estimating the above values, in addition to those described below, have been described in note 4 "Key accounting policies".

Un-invoiced services

The Company executes the majority of construction contracts in the capacity of general contractor with extensive support from various subcontractors. Realised construction works are approved by the investor in the process of technical approval and acceptance on the basis of technical acceptance protocol and invoice. At each reporting date, there is a significant amount of completed but unconfirmed and un-invoiced work by subcontractors that the Company recognises as contract costs on an accrual basis. The value of the costs of completed and un-invoiced projects is determined by Company's technical surveyors based on physical survey of completed work and may differ from that determined in the formal process of technical acceptance of the construction works.

Tax settlements

Polish law contains numerous regulations concerning VAT, excise tax, corporate income tax and social security contributions. Regulations regarding these taxes are subject to frequent changes which cause that these regulations are unclear and inconsistent. Frequent differences in the legal interpretation of tax regulations both between government bodies, and between government bodies and taxpayers contribute to the origination of areas of uncertainty and conflict. Tax and other settlements (e.g. customs or foreign currency settlements) may become subject to inspection by tax authorities for a period of five years. Relevant control authorities are entitled to impose high penalties and sanctions together with penalty interest. There is a risk that these authorities will take a standpoint different to that adopted by the Company as regards the interpretation of binding regulations, which could have a significant impact on its tax liabilities.

As at 31 December 2023 and until the date of the preparation of these financial statements, no tax inspections were carried out in the Company.

Provisions for future warranty repairs

In the case of construction services, the Company is obliged to provide a guarantee for its services. The amount of warranty provision is related to individual construction segments and ranges from 0.3% to 1.5% of total revenue from a given contract. This value is, however, analysed on an individual basis and in justified cases may be increased or reduced, as appropriate.

Provisions for legal cases, penalties and liquidated damages

The Company's Management Board carries out detailed analyses of risks resulting from court proceedings against the Company and reported claims and, based thereon, makes decisions on the possible recognition and amount of provisions.

5.2 Professional judgment in applying accounting policies

Recognition of construction contracts revenue and losses

In accordance with the description presented in note 4.15, the preferred method of measurement of goods and services transferred to the customers over time is the survey of work performed method or the work progress measurement method *(metoda obmiaru wykonanych prac),* which is the results-based method. This method requires making physical measurements of the construction works carried out and the allocation of unit selling prices and unit costs to individual goods developed under construction contracts.

The input-based method (the method of the share of costs incurred up to the date of determination of revenue in the total cost of goods or services) is applied only where the progress of the work cannot be reliably measured using the work progress measurement (results/output)-based method. Under this method, revenue from construction contracts in the period from contract inception to the reporting date, after deducting revenue that affected prior periods financial result, is determined in proportion to the stage of contract completion, which is determined based on the share of contract costs incurred from the date of contract inception to the date of revenue determination in the total costs of performing the service.

Irrespective of the applied method to measure progress in the complete satisfaction of a performance obligation to transfer goods or services to the customer, the budgets for individual contracts are the key element for measuring sales revenue. Twice a year, the budgets of individual contracts are subject to a formal update (revision) procedure, based on the current information, and are approved by the Management Board. If events occur between official budget revisions that materially affect contract result, total contract revenue or total contract costs may be updated earlier.

When it is likely that the total contract costs will exceed the total contract revenue, then in accordance with IAS 37, the expected loss (the excess of direct costs and a reasonable part of indirect costs over revenues) is charged to operating expenses with a corresponding entry being recognition of a provision for onerous contracts (provision for contracts losses). The amount of the expected contract loss is also updated during budget revisions and is the best estimate of the costs that the Company will have to incur to complete the implementation of a given construction contract.

6. Discontinued operations

In 2023 and 2022, no operations were discontinued within the meaning of IFRS 5.

(all amounts are expressed in PLN thousand, unless stated otherwise)

7. Financial risk management

The main financial instruments used by the Company are:

- leases, loans and borrowings, the objective of which is to obtain financial resources to finance Company's activities,
- trade receivables and trade liabilities as well as other receivables and other payables, and cash and short-term deposits that arise during day-to-day operations of the Company,
- derivative financial instruments such as foreign currency forward contracts or currency options, the purpose of which is to manage currency risk arising from concluded foreign currency contracts.

In the course of its business, the Company is exposed to various financial risks, such as currency risk, interest rate risk, price risk, credit risk or loss of liquidity risk. The Management Board verifies and determines risk management policies for each of the risk types identified.

Currency risk

As part of its core business activities, the Company enters into construction contracts with investors and contracts with subcontractors and suppliers in foreign currencies. The currency risk management policy adopted by the Management Board consists in hedging future cash flows arising from these contracts in order to reduce the impact of currency volatility on the Company's results. In accordance with this policy, the Company hedges against foreign currency risk attached to any construction contract where the value of payments (inflows or outflows) in foreign currencies is considered material. Hedging against foreign currency risk is made using derivative financial instruments, mainly currency forward contracts (FX forwards and currency options) or, where possible, using a natural hedge mechanism, which consists in concluding supplier or subcontractor contracts in a specific currency.

In accordance with the Company's policy, foreign currency exposure is systematically measured for both individual construction contracts (by way of analysis of foreign currency inflows and outflows for the contracts concluded with investors in foreign currency and by way of analysis of foreign currency outflows for the contracts concluded with investors in domestic currency) and for all contracts in aggregate. It is the Management Board's policy to hedge the net foreign currency exposure on realised contracts. As at 31 December 2023, approximately 81% of the Company's exposure to foreign exchange risk was hedged.

Foreign currency risk – sensitivity to changes

In order to carry out the currency sensitivity analysis, based on historical changes in values and on the Company's knowledge and experience of the financial markets, changes in currency exchange rates that are "feasibly possible" were estimated at -10%/+10% as at 31 December 2023 and 31 December 2022.

The table below shows the sensitivity of the net result to reasonably possible changes in exchange rates with other factors remaining unchanged (the impact on net assets is identical).

	Nominal value at the reporting date	**Sensitivity to fluctuations as at 31 December 2023**	
		Depreciation	**Appreciation**
		of Polish zloty against other currencies	
		+10%	**-10%**
FX forward contracts and currency options (sum of absolute values)			
– EUR	109 875	(19 711)	19 711
Financial instruments denominated in foreign currencies – net currency exposure:			
– EUR	15 417	6 703	(6 703)
– USD	(101)	(40)	40
– CZK	(5 624)	(99)	99
Advances received			
– EUR	(39 453)	(17 154)	17 154
Gross effect on the result for the period and net assets		**(30 301)**	**30 301**
Deferred tax		5 757	(5 757)
Total		**(24 544)**	**24 544**

(all amounts are expressed in PLN thousand, unless stated otherwise)

	Nominal value at the reporting date	Sensitivity to fluctuations as at 31 December 2022	
		Depreciation	Appreciation
		of Polish zloty against other currencies	
		+10%	-10%
FX forward contracts and currency options (sum of absolute values)			
– EUR	117 810	(19 235)	19 235
Financial instruments denominated in foreign currencies – net currency exposure:			
– EUR	21 300	9 989	(9 989)
– USD	78	34	(34)
– CHF	(70)	(33)	33
Advances received			
– EUR	(55 000)	(25 794)	25 794
Gross effect on the result for the period and net assets		**(35 039)**	**35 039**
Deferred tax		6 657	(6 657)
Total		**(28 382)**	**28 382**

Interest rate risk

Interest rate risk occurs mainly due to the use by the Company of lease contracts. Some of the lease contracts concluded by the Company are based on variable interest rates and expose the Company to changes in cash flows. The interest rate risk relating to current debt was assessed as relatively low from the perspective of its impact on the Company's results. At present, interest rate risk management covers both ongoing monitoring of the market situation and debt levels, as well as possible hedging against the risk of fluctuations in market interest rates by way of entering into interest rate swaps (IRSs) from floating to fixed rates.

Interest rate risk – sensitivity to changes

In order to analyse the sensitivity to fluctuations in interest rates, based on historical changes in values and the Company's knowledge and experience of the financial markets, the "reasonably possible" fluctuations in interest rates were estimated at -1.0/+1.0 p.p. for the PLN and the Czech koruna as at 31 December 2023, and at -0.5/+0.5 p.p. for the EUR and USD. As at 31 December 2022, "reasonably possible" fluctuations in interest rates were estimated at -0.5/+0.5 p.p. for the PLN and at 0.75/+0.75 p.p. for the EUR and USD.

At the same time, a parallel shift was assumed of the swap curve to calculate discount sensitivity to interest rates fluctuations.

Presented below is the effect of interest rate fluctuations on the net result and on net assets as at 31 December 2023 and 31 December 2022:

	Value at the reporting date	Sensitivity to fluctuations as at 31 December 2023	
		+100 bp (PLN/CZK) +50 bp (EUR)/(USD)	-100 bp (PLN/CZK) -50 bp (EUR)/(USD)
Loans granted (principal)	105 967	1 060	(1 060)
Cash at bank (fair value)	3 484 984	34 274	(34 274)
Lease liabilities (present value)	(15 103)	(151)	151
Gross effect on the result for the period and net assets		**35 183**	**(35 183)**
Deferred tax		(6 685)	6 685
Total		**28 498**	**(28 498)**

(all amounts are expressed in PLN thousand, unless stated otherwise)

	Value at the reporting date	Sensitivity to fluctuations as at 31 December 2022	
		+50 bp (PLN) +75 bp (EUR)/ (USD)	-50 bp (PLN) -75 bp (EUR)/(USD)
Loans granted (principal)	82 146	412	(412)
Cash at bank (fair value)	2 830 822	14 422	(14 422)
Lease liabilities (present value)	(123 602)	(735)	735
Gross effect on the result for the period and net assets		**14 099**	**(14 099)**
Deferred tax		(2 679)	2 679
Total		**11 420**	**(11 420)**

In the calculation of sensitivity to interest rates fluctuations, cash on hand was disregarded.

The valuation of forward contracts does not show sensitivity to parallel changes in interest rates with the exchange rates remaining unchanged.

Price risk

The Company is exposed to the price risk from rising energy prices and materials from carbon-intensive industries such as steel or cement. This is dictated by the EU's strategy to achieve climate neutrality by 2050. Leading manufacturers of carbon-intensive materials are already investing heavily in the development of new technologies, such as the construction of CCS (carbon capture and storage) facilities. This is likely to be reflected in product prices in future.

The tense geopolitical situation and its unpredictability will have a significant impact on, among other things, the prices of petroleum products such as petrol, diesel, bitumen and heating oil. The price risk of materials purchased on the domestic market is assessed as moderate. Prices now appear to have stabilised, but it is unrealistic to expect them to return to the level before the outbreak of the war in Ukraine. Nor should the price of key materials be expected to rise except for those materials whose manufacture is based on oil prices, as in the case of asphalt, for example. Significantly higher price risk is associated with imported materials due to worsening conflicts in various parts of the globe, with a direct impact on disrupting supply chains. The 2024 forecast for the construction industry is subject to higher risks due to the geopolitical situation and the level of inflation. Uncertainty as to the level of inflation and a significant increase in the level of the minimum wage will directly translate into the prices of services provided to the Company by subcontractors. Insufficient indexation of construction contracts adversely affects profitability in the industry. Protracted tender processes make it difficult to plan the real costs of ongoing projects. The prices set forth in investor contracts usually remain fixed for the entire period of the contract - usually between 6 and 36 months, while subcontractor contracts are made at later dates as the individual contract work progresses. The greatest risk of energy and raw materials price volatility (increases) exists in the case of public procurements due to the relatively long process of general contractor selection. This applies to the period from bid placing (offer submission) to general contractor selection and contract signing, when concluding contracts with suppliers and securing prices for the above-mentioned products is not always possible.

In order to mitigate the incurred price risk, the Company conducts ongoing monitoring of the prices of strategic raw materials and construction products, including energy prices. The Company operates the Procurement Department, which pursues a purchasing policy adapted to Budimex's contracting strategy and, based on the construction work plans, negotiates framework agreements with suppliers of basic construction materials, striving to secure them in the long term.

Credit risk

As far as cash and capital transactions are concerned, the Company cooperates with financial institutions with high credibility without causing material credit risk concentration. At the same time, the Company applies the policy of limiting credit exposure to individual financial institutions and issuers of debt securities, which are acquired as part of the investment of periodic cash surpluses.

The financial assets of the Company exposed to increased credit risk are trade receivables.

The Company operates the policy of assessment and verification of credit risk based on the quantitative-qualitative models using publicly available information and the rating of external rating agencies. The credit risk of private investors is subject to a special assessment both at the stage of tender proceedings and regularly, on a monthly basis, during contracts execution, based on the analysis of contractor terms and conditions and current repayment of receivables.

Prior to contract signing, each contractor is assessed for the capacity to discharge his financial liabilities, after considering the specific character of a given contract. In the event of negative assessment of contractor payment capacity, contract signing depends on establishing adequate financial or property collateral/ security. In addition, clauses are included in investor contracts that provide for the right to discontinue any work and/or rescind the contract if payments for the services already performed are defaulted. Furthermore, pursuant to the provisions of article 649 of the Civil Code, the contractor is entitled, at each stage of contract works, to demand a guarantee of payment for both the work already performed and the work remaining to contract completion.

No significant credit risk concentration has been identified at the Company, taking into account the fact that its main customer is a government agency *(urząd administracji rządowej)*. The Company is not exposed to significant credit risk to one business partner or a group of business partners with similar features. Credit risk relating to liquid assets and derivative financial instruments is limited as the Company's business partners are banks with high credit ratings awarded by reputable international rating agencies.

(all amounts are expressed in PLN thousand, unless stated otherwise)

Except for the data presented in note 0, the value of financial assets recognised in the statement of financial position, before losses, reflects the maximum credit risk exposure of the Company, without taking into account the value of received collaterals and securities.

Liquidity risk

In order to limit the risk of loss of liquidity, the Company holds an adequate amount of cash and marketable securities and concludes credit facilities contracts which serve as an additional security of liquidity. To finance investment purchases, the Company uses its own funds or long-term leases that ensure adequate sustainability of the financing structure for this type of assets. Liquidity management is supported by the Company's liquidity forecast reporting system.

The maturity structure of lease liabilities has been presented in note 19. The maturity structure of other financial liabilities is presented in the respective notes.

The current good financial standing of the Company in terms of liquidity and access to external sources of finance does not pose any threat to the financing of its operations.

Climate Risk

Climate risk is becoming an increasingly significant factor influencing construction activities. Sudden weather changes, such as heavy rainfalls or prolonged freezing or heat waves, can affect the timely completion of work. Damages on construction sites or in built infrastructure caused by these phenomena are covered by insurance agreements entered into by the Company, but they may lead to increases in insurance premiums.

On the other hand, higher temperatures in winter can benefit the Company, as they allow construction work to be carried out during winter months, traditionally excluded contractually, which in turn can lead to earlier project completion and increased efficiency of human and equipment resources.

Changes in legislation concerning greenhouse gas emission restrictions and the promotion of renewable energy sources lead to a change in demand for specific construction projects. However, the Company sees opportunities in this challenge in its long-term development perspective, as it has already invested in shares of companies producing energy from renewable sources. It has also entered into cooperation with potential contractors for the first nuclear power plant in Poland, which will significantly contribute to the decarbonization of energy production in the country.

More information on climate risk and its potential impact can be found in the Non-Financial Information Report of Budimex SA for the year 2023.

Identified climate risk factors do not affect either the financial statements or the key assumptions used in their preparation.

8. Capital management

The main objective of capital management at the Company is to keep good credit rating and safe capital ratios that would support operating business of the Company and increase its value to the shareholders.

The Company manages its capital structure and modifies it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Company may return equity to the shareholders, issue new shares or pay out dividend. In 2023 and 2022, no changes were made to the objectives and policies binding in this area.

The Company monitors the level of equity using the gearing ratio which is calculated as the ratio of net debt to total shareholders' equity increased by net debt. Net debt includes interest-bearing loans and borrowings and other external sources of finance, trade and other payables (except for accrued expenses), retentions for construction contracts, valuation of construction contracts, provision for losses on construction contracts, deferred income (except for other accrued income) and current tax liabilities decreased by cash and cash equivalents.

	31 December 2023	**31 December 2022**
Interest-bearing loans and borrowings and other external sources of finance	103 860	123 602
Trade and other payables	4 493 768	4 127 148
Less: cash and cash equivalents	(3 484 987)	(2 830 825)
Net debt	**1 112 641**	**1 419 925**
Equity	1 198 978	911 293
Equity and net debt	**2 311 619**	**2 331 218**
Gearing ratio	**48.13%**	**60.91%**

(all amounts are expressed in PLN thousand, unless stated otherwise)

9. Property, plant and equipment

	Land & perpetual usufruct to land		Buildings & constructions		Plant & machinery		Means of transport		Other [tangible] fixed assets		Construction in progress (AUC)	Prepayment for AUC	Total
	freehold	leased	own	leased	own	leased	own	leased	own	leased			
Gross value as at 1 January 2023	**2 876**	**14 784**	**17 511**	**83 726**	**204 006**	**89 118**	**28 796**	**82 331**	**45 695**	**3 950**	**226**	**89**	**573 108**
Increases:	**781**	**7 110**	**1 070**	**12 256**	**52 608**	**954**	**24 994**	**20 597**	**8 358**	**25**	**766**	**15 937**	**145 456**
- purchase	781	-	1 070	-	15 688	-	5 087	-	8 358	-	-	-	30 984
- lease re-purchase	-	-	-	-	36 919	-	19 906	-	-	-	-	-	56 825
- acceptance for use under lease contracts	-	7 110	-	12 256	-	954	-	20 597	-	25	-	-	40 942
- increase in construction in progress	-	-	-	-	-	-	-	-	-	-	766	-	766
- granting advances	-	-	-	-	-	-	-	-	-	-	-	15 937	15 937
- other	-	-	-	-	1	-	1	-	-	-	-	-	2
Decreases:	**(2 139)**	**(3 611)**	**(1 421)**	**(6 840)**	**(14 279)**	**(37 965)**	**(259)**	**(34 310)**	**(4 886)**	**(179)**	**-**	**-**	**(105 889)**
- sale	(2 139)	-	(421)	-	(6 624)	-	(42)	-	(3 685)	-	-	-	(12 911)
- liquidation	-	(3 611)	(1 000)	(6 840)	(7 640)	(1 046)	(217)	(14 404)	(1 120)	(179)	-	-	(36 057)
- re-purchase of leased assets	-	-	-	-	-	(36 919)	-	(19 906)	-	-	-	-	(56 825)
- foreign exchange differences	-	-	-	-	(15)	-	-	-	(81)	-	-	-	(96)
Gross value as at 31 December 2023	**1 518**	**18 283**	**17 160**	**89 142**	**242 335**	**52 107**	**53 531**	**68 618**	**49 167**	**3 796**	**992**	**16 026**	**612 675**
Accumulated depreciation as at 1 Jan 2023	**-**	**(6 672)**	**(10 907)**	**(28 187)**	**(176 664)**	**(50 949)**	**(17 047)**	**(48 382)**	**(37 348)**	**(2 712)**	**-**	**-**	**(378 868)**
Movements for the period:	**(1)**	**(3 223)**	**(469)**	**(8 510)**	**(29 778)**	**19 425**	**(20 376)**	**10 778**	**86**	**(1 079)**	**-**	**-**	**(33 147)**
- charge for the period (note 29)	(1)	(6 554)	(1 890)	(14 756)	(13 068)	(11 596)	(4 683)	(18 958)	(3 850)	(1 258)	-	-	(76 614)
- sale	-	-	421	-	5 852	-	33	-	2 779	-	-	-	9 085
- liquidation	-	3 330	1 000	6 246	7 408	1 036	29	13 981	1 087	179	-	-	34 296
- re-purchase of leased assets	-	-	-	-	(29 985)	29 985	(15 755)	15 755	-	-	-	-	-
- foreign exchange differences	-	-	-	-	14	-	-	-	69	-	-	-	83
- other	-	1	-	-	1	-	-	-	1	-	-	-	3
Accumulated depreciation as at 31 Dec 2023	**(1)**	**(9 895)**	**(11 376)**	**(36 697)**	**(206 442)**	**(31 524)**	**(37 423)**	**(37 604)**	**(37 262)**	**(3 791)**	**-**	**-**	**(412 015)**
Impairment write-downs as at 1 January 2023	**(1 677)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1 677)**
- reversal (note 31)	1 677	-	-	-	-	-	-	-	-	-	-	-	1 677
Impairment write-downs as at 31 Dec 2023	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net value as at 1 January 2023	**1 199**	**8 112**	**6 604**	**55 539**	**27 342**	**38 169**	**11 749**	**33 949**	**8 347**	**1 238**	**226**	**89**	**192 563**
Net value as at 31 December 2023	**1 517**	**8 388**	**5 784**	**52 445**	**35 893**	**20 583**	**16 108**	**31 014**	**11 905**	**5**	**992**	**16 026**	**200 660**

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(all amounts are expressed in PLN thousand, unless stated otherwise)

	Land & perpetual usufruct to land		Buildings & constructions		Plant & machinery		Means of transport		Other [tangible] fixed assets		Construction in progress (AUC)	Prepayment for AUC	Total
	freehold	leased	own	leased	own	leased	own	leased	own	leased			
Gross value as at 1 January 2022	**2 876**	**12 510**	**17 358**	**53 954**	**177 302**	**120 945**	**23 618**	**81 482**	**46 768**	**4 097**	**446**	**-**	**541 356**
Increases:	**-**	**16 236**	**336**	**37 182**	**38 174**	**1 817**	**9 346**	**17 502**	**2 700**	**185**	**(220)**	**89**	**123 347**
- purchase	-	-	336	-	6 453	-	7 751	-	2 366	-	-	-	16 906
- lease re-purchase	-	-	-	-	31 705	-	1 295	-	271	-	-	-	33 271
- acceptance for use under lease contracts	-	16 235	-	37 182	-	1 817	-	17 501	-	185	-	-	72 920
- transfer from construction in progress (AUC)	-	-	-	-	12	-	300	-	40	-	(352)	-	-
- increase in AUC	-	-	-	-	-	-	-	-	-	-	132	-	132
- granting advances	-	-	-	-	-	-	-	-	-	-	-	89	89
- foreign exchange differences	-	-	-	-	4	-	-	-	23	-	-	-	27
- other	-	1	-	-	-	-	-	1	-	-	-	-	2
Decreases:	**-**	**(13 962)**	**(183)**	**(7 410)**	**(11 470)**	**(33 644)**	**(4 168)**	**(16 653)**	**(3 773)**	**(332)**	**-**	**-**	**(91 595)**
- sale	-	-	-	-	(8 030)	-	(4 155)	-	(1 180)	-	-	-	(13 365)
- liquidation	-	(13 962)	(183)	(7 409)	(3 440)	(1 939)	(13)	(15 358)	(2 593)	(61)	-	-	(44 958)
- re-purchase of leased assets	-	-	-	-	-	(31 705)	-	(1 295)	-	(271)	-	-	(33 271)
- other	-	-	-	(1)	-	-	-	-	-	-	-	-	(1)
Gross value as at 31 December 2022	**2 876**	**14 784**	**17 511**	**83 726**	**204 006**	**89 118**	**28 796**	**82 331**	**45 695**	**3 950**	**226**	**89**	**573 108**
Accumulated depreciation as at 1 Jan 2022	**-**	**(4 485)**	**(9 305)**	**(20 855)**	**(148 086)**	**(63 740)**	**(17 170)**	**(44 560)**	**(36 666)**	**(1 703)**	**-**	**-**	**(346 570)**
Movements for the period:	**-**	**(2 187)**	**(1 602)**	**(7 332)**	**(28 578)**	**12 791**	**123**	**(3 822)**	**(682)**	**(1 009)**	**-**	**-**	**(32 298)**
- charge for the period (note 29)	-	(5 423)	(1 785)	(13 570)	(12 753)	(15 423)	(2 754)	(19 903)	(3 874)	(1 341)	-	-	(76 826)
- sale	-	-	-	-	7 311	-	3 928	-	961	-	-	-	12 200
- liquidation	-	3 237	183	6 238	3 165	1 916	13	15 016	2 523	61	-	-	32 352
- re-purchase of leased assets	-	-	-	-	(26 298)	26 298	(1 064)	1 064	(271)	271	-	-	-
- foreign exchange differences	-	-	-	-	(4)	-	-	-	(19)	-	-	-	(23)
- other	-	(1)	-	-	1	-	-	1	(2)	-	-	-	(1)
Accumulated depreciation as at 31 Dec 2022	**-**	**(6 672)**	**(10 907)**	**(28 187)**	**(176 664)**	**(50 949)**	**(17 047)**	**(48 382)**	**(37 348)**	**(2 712)**	**-**	**-**	**(378 868)**
Impairment write-downs as at 1 January 2022	**(1 677)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1 677)**
Impairment write-downs as at 31 Dec 2022	**(1 677)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1 677)**
Net value as at 1 January 2022	**1 199**	**8 025**	**8 053**	**33 099**	**29 216**	**57 205**	**6 448**	**36 922**	**10 102**	**2 394**	**446**	**-**	**193 109**
Net value as at 31 December 2022	**1 199**	**8 112**	**6 604**	**55 539**	**27 342**	**38 169**	**11 749**	**33 949**	**8 347**	**1 238**	**226**	**89**	**192 563**

(all amounts are expressed in PLN thousand, unless stated otherwise)

Depreciation of property, plant and equipment was recognised under the following items of profit and loss account:

	2023	2022
Cost of finished goods and services sold	68 630	68 851
Administrative expenses	7 953	7 932
Selling expenses	31	43
Total (note 29)	**76 614**	**76 826**

As at 31 December 2023 and 31 December 2022, there were no collaterals/securities established on property, plant and equipment.

In the years 2022 - 2023, the Company did not receive any compensation in respect of those fixed assets that were impaired or lost.

10. Non-current assets held for sale

As at 31 December 2023 and 31 December 2022, there were no material fixed assets that the Company intended to dispose of in the next 12 months.

11. Intangible assets

	Development costs	Computer software	Intangible assets under construction	Total
Gross value as at 1 Jan 2023	**450**	**70 124**	**14 097**	**84 671**
Increases	**-**	**6 149**	**(2 669)**	**3 480**
- purchase	-	1 377	-	1 377
- transfer of advance payments	-	-	2 103	2 103
- settlement of advance payments	-	4 772	(4 772)	-
Decreases	**-**	**(87)**	**-**	**(87)**
- liquidation	-	(10)	-	(10)
- foreign exchange differences	-	(77)	-	(77)
Gross value as at 31 Dec 2023	**450**	**76 186**	**11 428**	**88 064**
Accumulated amortization as at 1 January 2023	**(394)**	**(49 818)**	**-**	**(50 212)**
Movements for the period	**(56)**	**(7 275)**	**-**	**(7 331)**
- charge for the period (note 29)	(56)	(7 337)	-	(7 393)
- liquidation	-	9	-	9
- foreign exchange differences	-	53	-	53
Accumulated amortization as at 31 December 2023	**(450)**	**(57 093)**	**-**	**(57 543)**
Net value as at 1 January 2023	**56**	**20 306**	**14 097**	**34 459**
Net value as at 31 Dec 2023	**-**	**19 093**	**11 428**	**30 521**

(all amounts are expressed in PLN thousand, unless stated otherwise)

	Development costs	Computer software	Intangible assets under construction	Total
Gross value as at 1 Jan 2022	**450**	**73 096**	**9 060**	**82 606**
Increases	**-**	**621**	**5 037**	**5 658**
- purchase	-	380	-	380
- transfer of advance payments	-	-	5 257	5 257
- settlement of advance payments	-	220	(220)	-
- foreign exchange differences	-	21	-	21
Decreases	**-**	**(3 593)**	**-**	**(3 593)**
- liquidation	-	(3 593)	-	(3 593)
Gross value as at 31 Dec 2022	**450**	**70 124**	**14 097**	**84 671**
Accumulated amortization as at 1 January 2022	**(169)**	**(45 488)**	**-**	**(45 657)**
Movements for the period	**(225)**	**(4 330)**	**-**	**(4 555)**
- charge for the period (note 29)	(225)	(7 912)	-	(8 137)
- liquidation	-	3 593	-	3 593
- foreign exchange differences	-	(11)	-	(11)
Accumulated amortization as at 31 December 2022	**(394)**	**(49 818)**	**-**	**(50 212)**
Net value as at 1 January 2022	**281**	**27 608**	**9 060**	**36 949**
Net value as at 31 Dec 2022	**56**	**20 306**	**14 097**	**34 459**

Amortisation of intangible assets was recognised under the following items of the profit and loss account:

	2023	2022
Cost of finished goods and services sold	395	500
Administrative expenses	6 886	7 520
Selling expenses	112	117
Total (note 29)	**7 393**	**8 137**

The Company did not report any intangible assets developed internally. Costs of completed development work include purchased assets and work carried out by external research units.

The value of expenditure on research and development recognised in 2023 as a cost amounted to PLN 30 245 thousand (in 2022: PLN 88 867 thousand).

As at 31 December 2023 and 31 December 2022, the Company reported no liens or encumbrances *(obciążenia o charakterze prawnorzeczowym)* or encumbrances obligating to perform a legal act *(obciążenia obligacyjne)* established on its intangible assets. No impairment write-downs against intangible assets were made in the year 2023 or 2022.

12. Joint operations

The financial data of Budimex SA as at 31 December 2023 and 31 December 2022 contain balances attributable to the Company due to its share in the following entities which are under common control and which in accordance with IFRS 11 are treated as joint operations (the share of the Company in joint arrangements is recognised as joint operations where the Company has right to its share in the assets and obligations for the liabilities relating to the arrangement):

- Construction of the headquarters of Transmission System Operator *(„Budowa siedziby Operatora Systemu Przesyłowego”),* realised as part of the Budimex SA Sygnity SA Sp.j. general partnership; the share Budimex SA in this general partnership is 67% (contract completed in 2009),
- Construction of a new power unit in Elektrownia Turów *(„Budowa nowego bloku energetycznego w Elektrowni Turów”)* as part of the Budimex SA – Técnicas Reunidas SA – Turów s.c. civil-law partnership; the share of Budimex SA in this project is 50% (contract completed in 2021),
- Modernization of the preliminary ozonation system at Zakład Północny MPWiK *(„Modernizacja instalacji ozonowania wstępnego w Zakładzie Północnym MPWiK”)* as part of the Budimex SA – Cadagua SA III s.c. civil-law partnership; the share of Budimex SA in this project was 99.9% (contract completed in 2018),

(all amounts are expressed in PLN thousand, unless stated otherwise)

- Modernization of Zakład Pónocny – phase 2. Modernization of rapid sand filters *(„Modernizacja Zakładu Północnego - etap II. Modernizacja filtrów pośpiesznych piaskowych")* realised as part of the Budimex SA – Cadagua SA IV s.c. civil-law partnership; the share of Budimex SA in this project is 99.9% (contract completed in 2020),
- Modernization of Zakład Pónocny – phase 2. Modernization of pumping station I and II *(„Modernizacja Zakładu Północnego - etap II. Modernizacja pompowni I i II stopnia")* realised as part of the Budimex SA – Cadagua SA V s.c. civil-law partnership; the share of Budimex SA in this project is 99.9% (contract completed in 2021),
- "B 158 Brücke HOW Oderberg, Los 2 Straßen- und Brückenbau" as part of ARGE Brücke Oderberg; Budimex SA's share in the project is 5.0% (contract started in 2022),
- Construction of a green bridge over the A2 motorway and the L93 national road between AS Ziesar and Wollin *(„Budowa zielonego mostu nad autostradą A2 i drogą krajową L93 pomiędzy AS Ziesar i Wollin")* as part of ARGE Wollin; Budimex SA's share in the project is 5.0%, (contract started in 2023),
- A28 - replacement of structure DEL22 - exit over RiFa Oldenburg *(„A28 – wymiana konstrukcji DEL22 – zjazd nad RiFą Oldenburg")* as part of ARGE Delmenhorst; Budimex SA's share in the project is 5.0% (contract started in 2023),
- "A 19, km 0.667 Ersatzneubau BW0Ü1, Los 1 Erneuerung Brücke" as part of ARGE Brücke Wittstock; Budimex SA's share in the project is 5.0% (contract started in 2023),
- MW22.21 Marwitz Estate, Construction of 5 residential buildings in Oberkrämer *(„MW22.21 Osiedle Marwitz, Budowa 5 budynków mieszkalnych w Oberkrämer")* as part of ARGE Oberkrämer; Budimex SA's share in the project is 5.0% (contract started in 2023),
- "FU Berlin, Neubau des Instituts für Lebensmittelsicherheit und -hygiene (ILH), Campus Düppel" as part of ARGE Düppel; Budimex SA's share in the project is 5.0% (contract started in 2023),
- „Rail Baltica Mainline Construction in Latvia" as part of E.R.B. Rail JV PS; Budimex SA's share in the project is 37.5%, (the contract will start in 2024).

The above entities are under common control as unanimity of all partners is required in the matters concerning their business.

There are no future investment commitments under these contracts.

In addition, the Company held a 50% interest in Budimex SA Ferrovial Construccion SA sp.j., which executes the contract for the construction of the A1 motorway between Stryków and Pyrzowice. On 16 November 2022, the shareholders adopted a resolution to liquidate the company (liquidation registered in the National Court Register on 13 January 2023). The Company also held a 95% stake in Budimex SA Ferrovial Agroman SA 2 s.c., which was established to prepare bids, conclude and execute construction contracts. By shareholders' resolution, the company was dissolved in May 2023.

13. Investments in subsidiaries, associates and other entities

	31 December 2023	31 December 2022
Investments in subsidiaries	**489 238**	**485 513**
- shares	489 238	485 513
Investments in associates	**191**	**191**
- shares	191	191
Investments in other entities	**93**	**3 266**
- shares in other affiliates (related entities)	-	3 173
- shares in other entities	93	93
Total	**489 522**	**488 970**

Movements in the balance of investments in subsidiaries, associates or other entities

Shares	31 December 2023	31 December 2022
Balance at the beginning of the period	**488 970**	**379 105**
Increases:	**19 266**	**116 483**
- purchase / payment and increase in capital / conversion of a loan	19 266	116 483
Decreases:	**(18 714)**	**(6 618)**
- company liquidation	(3 173)	-
- impairment write-down (investment impairment) (note 32)	(15 541)	(6 618)
Total	**489 522**	**488 970**

As at 31 December 2023, the balance of impairment write-downs on shares amounted to PLN 41 758 thousand, and as at 31 December 2022 - to PLN 27 336 thousand. The reason for the recognition of impairment write-down on the value of shares in 2023 was the net losses incurred by the companies and the lack of planned positive cash flows.

(all amounts are expressed in PLN thousand, unless stated otherwise)

Capital increase in subsidiaries and purchase/establishment of new subsidiaries

On 12 July 2023, WMSerwis SA was registered in the National Court Register. Budimex SA took up 100% of shares in this company. The amount of the contributed issued capital, including capitalised taxes, amounted to PLN 101 thousand.

On 25 September 2023, BXF Energia Sp. z o.o. was registered in the National Court Register. Budimex SA took up 51% of shares in the company. The amount of contributed issued capital and reserve capital, including capitalised taxes, amounted to PLN 4 086 thousand.

During 2023, an increase was also made in the issued capital of Budimex Mobility SA by a further PLN 11 000 thousand, in Budimex Most Wschodni SA by PLN 81 thousand and in Magnolia Energy Sp. z o.o. - by PLN 3 998 thousand.

During 2023, Autostrada Południe SA, in which Budimex SA held 5.05% of shares, was liquidated.

As at 31 December 2023, the balance of *Investments in subsidiary companies* comprised contributions to the issued capital of the below subsidiary companies, which were not registered in the National Court Register:

- PLN 80 thousand in ConVentures Sp. z o.o.
- PLN 2 000 thousand in Budimex Mobility SA.

Shares in other non-related entities as at 31 December 2023 and 31 December 2022

Entity name	Registered office	Business activity	Carrying amount of shares
Drogowa Trasa Średnicowa SA	Katowice	Construction	52
Agencja Rozwoju Regionu Krakowskiego SA	Cracow	Services	30
Agencja Rozwoju Regionalnego SA	Bielsko-Biała	Services	6
Megagaz SA	Warsaw	Construction	1
Górnicza Spółdzielnia Mieszkaniowa	Cieszyn	Property management	-
Other	-	-	4
Total			**93**

Shares in subsidiaries, associates and other entities are recognised at historical cost reduced by impairment write-downs, except for shares in other non-related entities, which in accordance with IFRS 9 were classified as financial assets measured at fair value through profit or loss (FVPL). Due to the fact that determining the fair value of these assets is not possible (they are not listed), it was assumed that the most reasonable value for their disclosure is the book value.

As at 31 December 2023, a registered pledge of up to PLN 17 500 thousand has been established on the shares in Magnolia Energy Sp. z o.o. in connection with a loan granted to this company.

As at 31 December 2022, the Company reported no liens or encumbrances *(obciążenia o charakterze prawnorzeczowym)* or encumbrances obligating to perform a legal act *(obciążenia obligacyjne)* established on its investments in subsidiaries, associates or other entities.

(all amounts are expressed in PLN thousand, unless stated otherwise)

SHARES IN AFFILIATES as at 31 December 2023								
Entity name	**Registered office**	**Business activity**	**Type of equity relation**	**Value of shares at acquisition cost**	**Impairment adjustment (total)**	**Carrying amount of shares**	**Percentage of issued capital held**	**Share in total number of votes at general meeting**
FBSerwis SA	Warsaw	municipal waste management	subsidiary	296 667	-	296 667	100.00%	100.00%
Budimex Kolejnictwo SA	Warsaw	machine rental	subsidiary	86 001	(5 054)	80 947	100.00%	100.00%
Mostostal Kraków SA	Cracow	production and assembly of steel structures	subsidiary	11 156	-	11 156	100.00%	100.00%
Budimex Budownictwo Sp. z o.o.	Warsaw	construction	subsidiary	1 810	-	1 810	100.00%	100.00%
Budimex Mobility SA*	Warsaw	construction	subsidiary	14 395	(434)	13 961	100.00%	100.00%
Budimex Most Wschodni SA	Warsaw	construction	subsidiary	1 068	(484)	584	100.00%	100.00%
Budimex A Sp. z o.o.	Warsaw	construction	subsidiary	285	(240)	45	100.00%	100.00%
Budimex C Sp. z o.o.	Warsaw	construction	subsidiary	288	(244)	44	100.00%	100.00%
Budimex D Sp. z o.o.	Warsaw	construction	subsidiary	287	(243)	44	100.00%	100.00%
Budimex F Sp. z o.o.	Warsaw	electricity generation	subsidiary	222	(178)	44	100.00%	100.00%
Budimex H Sp. z o.o.	Warsaw	construction	subsidiary	191	(146)	45	100.00%	100.00%
Budimex I Sp. z o.o.	Warsaw	construction	subsidiary	191	(148)	43	100.00%	100.00%
Budimex J Sp. z o.o.	Warsaw	construction	subsidiary	121	(77)	44	100.00%	100.00%
Budimex K Sp. z o.o.	Warsaw	construction	subsidiary	80	(31)	49	100.00%	100.00%
Budimex M Sp. z o.o.	Warsaw	construction	subsidiary	52	-	52	100.00%	100.00%
Budimex N Sp. z o.o.	Warsaw	construction	subsidiary	51	-	51	100.00%	100.00%
Budimex O Sp. z o.o.	Warsaw	construction	subsidiary	51	-	51	100.00%	100.00%
Budimex P Sp. z o.o.	Warsaw	construction	subsidiary	51	-	51	100.00%	100.00%
Budimex R Sp. z o.o.	Warsaw	construction	subsidiary	51	-	51	100.00%	100.00%
ConVentures Sp. z o.o.	Warsaw	investment funds management	subsidiary	180	(180)	-	100.00%	100.00%
Budimex Bau GmbH	Berlin	construction	subsidiary	26 803	(21 187)	5 616	100.00%	100.00%
Budimex Slovakia s.r.o.	Bratislava	construction	subsidiary	1 591	(708)	883	100.00%	100.00%
Budimex Construction Prague s.r.o.	Prague	construction	subsidiary	326	-	326	100.00%	100.00%
ASI 1 Conventures Sp. z o.o. SKA	Warsaw	investment funds management	subsidiary	3 000	-	3 000	100.00%	100.00%
Magnolia Energy Sp. z o.o.	Warsaw	electricity generation	subsidiary	38 200	-	38 200	100.00%	100.00%
RailBX GmbH	Berlin	construction	subsidiary	20 745	-	20 745	100.00%	100.00%
Fotowoltaika HIG XIV Sp. z o.o.	Warsaw	electricity generation	subsidiary	7 659	-	7 659	100.00%	100.00%
WMSerwis SA	Warsaw	municipal waste management	subsidiary	101	-	101	100.00%	100.00%
BXF Energia Sp. z o.o.	Warsaw	electricity generation	subsidiary	4 086	-	4 086	51.00%	51.00%
Budimex Parking Wrocław Sp. z o.o.	Warsaw	car park management	subsidiary	2 883	-	2 883	51.00%	51.00%
Total subsidiaries				**518 592**	**(29 354)**	**489 238**		
Promos Sp. z o.o.	Cracow	industrial services	associate	191	-	191	26.31%	26.31%
Total associates				**191**	**-**	**191**		

*the change of the company name from Budimex PPP SA to Budimex Mobility SA was registered in the National Court Register on 6 February 2023

(all amounts are expressed in PLN thousand, unless stated otherwise)

SHARES IN AFFILIATES as at 31 December 2023

Entity name	Registered office	Business activity	Type of equity relation	Value of shares at acquisition cost	Impairment adjustment (total)	Carrying amount of shares	Percentage of issued capital held	Share in total number of votes at general meeting
Budimex SA Cadagua SA III s.c.	Warsaw	construction	jointly-controlled	-	-	-	99.90%	99.90%
Budimex SA Cadagua SA IV s.c.	Warsaw	construction	jointly-controlled	-	-	-	99.90%	99.90%
Budimex SA Cadagua SA V s.c.	Warsaw	construction	jointly-controlled	-	-	-	99.90%	99.90%
Budimex SA Sygnity SA sp.j.	Warsaw	construction	jointly-controlled	-	-	-	67.00%	67.00%
Budimex SA Tecnicas Reunidas SA - Turów s.c.	Warsaw	construction	jointly-controlled	-	-	-	50.00%	50.00%
E.R.B. Rail JV PS	Riga	construction	jointly-controlled	-	-	-	37,50%	37,50%
ARGE Brücke Oderberg	Berlin	construction	jointly-controlled	-	-	-	5.00%	5.00%
ARGE Brücke Wittstock	Berlin	construction	jointly-controlled	-	-	-	5.00%	5.00%
ARGE Oberkrämer	Berlin	construction	jointly-controlled	-	-	-	5.00%	5.00%
ARGE Campus Düppel	Berlin	construction	jointly-controlled	-	-	-	5.00%	5.00%
ARGE Wollin	Berlin	construction	jointly-controlled	-	-	-	5.00%	5.00%
ARGE Delmenhorst	Berlin	construction	jointly-controlled	-	-	-	5.00%	5.00%
Total jointly-controlled				**-**	**-**	**-**		
Inversora de Autopistas del Levante S.L.	Madrid	motorways construction and operation	other related	12 404	(12 404)	-	3.16%	3.16%
Total other related entities				**12 404**	**(12 404)**	**-**		
Total				**531 187**	**(41 758)**	**489 429**		

(all amounts are expressed in PLN thousand, unless stated otherwise)

SHARES IN AFFILIATES as at 31 December 2022

Entity name	Registered office	Business activity	Type of equity relation	Value of shares at acquisition cost	Impairment adjustment (total)	Carrying amount of shares	Percentage of issued capital held	Share in total number of votes at general meeting
FBSerwis SA	Warsaw	municipal waste management	subsidiary	296 667	-	296 667	100.00%	100.00%
Budimex Kolejnictwo SA	Warsaw	machine rental	subsidiary	86 001	(5 054)	80 947	100.00%	100.00%
Mostostal Kraków SA	Cracow	production and assembly of steel structures	subsidiary	11 156	-	11 156	100.00%	100.00%
Budimex Budownictwo Sp. z o.o.	Warsaw	construction	subsidiary	1 810	-	1 810	100.00%	100.00%
Budimex PPP SA	Warsaw	construction	subsidiary	3 395	(434)	2 961	100.00%	100.00%
Budimex Most Wschodni SA	Warsaw	construction	subsidiary	987	(484)	503	100.00%	100.00%
Budimex A Sp. z o.o.	Warsaw	construction	subsidiary	285	(240)	45	100.00%	100.00%
Budimex C Sp. z o.o.	Warsaw	construction	subsidiary	288	(244)	44	100.00%	100.00%
Budimex D Sp. z o.o.	Warsaw	construction	subsidiary	287	(243)	44	100.00%	100.00%
Budimex F Sp. z o.o.	Warsaw	electricity generation	subsidiary	222	(178)	44	100.00%	100.00%
Budimex H Sp. z o.o.	Warsaw	construction	subsidiary	191	(146)	45	100.00%	100.00%
Budimex I Sp. z o.o.	Warsaw	construction	subsidiary	191	(148)	43	100.00%	100.00%
Budimex J Sp. z o.o.	Warsaw	construction	subsidiary	121	(77)	44	100.00%	100.00%
Budimex K Sp. z o.o.	Warsaw	construction	subsidiary	80	(31)	49	100.00%	100.00%
Budimex M Sp. z o.o.	Warsaw	construction	subsidiary	52	-	52	100.00%	100.00%
Budimex N Sp. z o.o.	Warsaw	construction	subsidiary	51	-	51	100.00%	100.00%
Budimex O Sp. z o.o.	Warsaw	construction	subsidiary	51	-	51	100.00%	100.00%
Budimex P Sp. z o.o.	Warsaw	construction	subsidiary	51	-	51	100.00%	100.00%
Budimex R Sp. z o.o.	Warsaw	construction	subsidiary	51	-	51	100.00%	100.00%
ConVentures Sp. z o.o.	Warsaw	investment funds management	subsidiary	180	(180)	-	100.00%	100.00%
Budimex Bau GmbH	Berlin	construction	subsidiary	26 803	(6 354)	20 449	100.00%	100.00%
Budimex Slovakia s.r.o.	Bratislava	construction	subsidiary	1 591	-	1 591	100.00%	100.00%
Budimex Construction Prague s.r.o.	Prague	construction	subsidiary	326	-	326	100.00%	100.00%
ASI 1 Conventures Sp. z o.o. SKA	Warsaw	investment funds management	subsidiary	3 000	-	3 000	100.00%	100.00%
Magnolia Energy Sp. z o.o.	Warsaw	electricity generation	subsidiary	34 202	-	34 202	100.00%	100.00%
RailBX GmbH	Berlin	construction	subsidiary	20 745	-	20 745	100.00%	100.00%
Fotowoltaika HIG XIV Sp. z o.o.	Cracow	electricity generation	subsidiary	7 659	-	7 659	100.00%	100.00%
Budimex Parking Wrocław Sp. z o.o.	Warsaw	car park management	subsidiary	2 883	-	2 883	51.00%	51.00%
Total subsidiaries				**499 326**	**(13 813)**	**485 513**		
Promos Sp. z o.o.	Cracow	industrial services	associate	191	-	191	26.31%	26.31%
Total associates				**191**	**-**	**191**		
Budimex SA Cadagua SA III s.c.	Warsaw	construction	jointly-controlled	-	-	-	99.90%	99.90%
Budimex SA Cadagua SA IV s.c.	Warsaw	construction	jointly-controlled	-	-	-	99.90%	99.90%
Budimex SA Cadagua SA V s.c.	Warsaw	construction	jointly-controlled	-	-	-	99.90%	99.90%
Budimex SA Ferrovial Agroman SA 2 s.c.	Warsaw	construction	jointly-controlled	-	-	-	95.00%	95.00%
Budimex SA Sygnity SA sp.j.	Warsaw	construction	jointly-controlled	-	-	-	67.00%	67.00%
Budimex SA Ferrovial Construccion SA sp.j.	Warsaw	construction	jointly-controlled	-	-	-	50.00%	50.00%
Budimex SA Tecnicas Reunidas SA - Turów s.c.	Warsaw	construction	jointly-controlled	-	-	-	50.00%	50.00%
Total jointly-controlled				**-**	**-**	**-**		
Autostrada Południe SA (w likwidacji) [in liquidation]	Warsaw	motorways construction and operation	other related	4 292	(1 119)	3 173	5.05%	5.05%
Inversora de Autopistas del Levante S.L.	Madrid	motorways construction and operation	other related	12 404	(12 404)	-	3.16%	3.16%
Total other related entities				**16 696**	**(13 523)**	**3 173**		
Total				**516 213**	**(27 336)**	**488 877**		

(all amounts are expressed in PLN thousand, unless stated otherwise)

14. Other financial assets/ financial liabilities

		Note	31 December 2023	31 December 2022
FINANCIAL ASSETS				
Financial assets measured at amortized cost				
Retentions for construction contracts		26	152 396	157 497
Valuation of construction contracts		24	438 299	485 840
Trade and other receivables*		15	981 465	724 728
Other financial assets (loans granted)		14.2	107 236	83 802
Financial assets at fair value through profit or loss (FVPL)				
Cash and cash equivalents	*level 2 of the fair value hierarchy according to IFRS 13*	17	3 484 987	2 830 825
Other financial assets (derivative financial instruments)	*level 2 of the fair value hierarchy according to IFRS 13*	14.1	41 711	5 413
Investments in other entities *(shares in other non-related entities)*	*level 3 of the fair value hierarchy according to IFRS 13*	13	93	93
Balance at the end of the period			**5 206 187**	**4 288 198**
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost				
Trade and other payables**		20	1 295 002	1 079 568
Retentions for construction contracts		26	448 122	426 382
Loans and borrowings and other external sources of finance		19	103 860	123 602
Other financial liabilities (liabilities due to deferred payment for shares)		14.3	7 417	7 417
Liabilities measured at fair value through profit or loss (FVPL)				
Other financial liabilities (derivative financial instruments)	*level 2 of the fair value hierarchy according to IFRS 13*	14.1	497	2 231
Balance at the end of the period			**1 854 898**	**1 639 200**

*except for accrued income receivable, taxation, subsidy, customs duty and social security debtors, and except for advance prepayments
**the amount covers trade liabilities, un-invoiced costs, payroll, employee bonus and unused annual leave accruals

In the 12-month periods ended 31 December 2023 and 31 December 2022, there were no movements between Level 1 and Level 2 of the fair value hierarchy, and there were no movements from/ to Level 3 of this hierarchy.

Investments in other entities (shares in other non-related entities) classified to Level 3 of the fair value hierarchy are measured at historical cost (see note 13).

(all amounts are expressed in PLN thousand, unless stated otherwise)

Revenues, costs, gains and losses recognised in the profit and loss account, by financial instrument category

For the period from 1 January 2023 to 31 December 2023:

	Financial assets measured at fair value through profit or loss (FVPL) from initial recognition	Financial assets measured at amortized cost	Financial liabilities measured at fair value through profit or loss (FVPL) from initial recognition	Financial liabilities measured at amortized cost	Total
Interest income /(expense) (note 32)	171 936	6 841	-	(497)	**178 280**
Foreign exchange gains /(losses) (note 32)	(7 552)	(2 362)	-	17 662	**7 748**
Reversal/ (recognition) of impairment write-downs (note 31, 32)	-	(6 701)	-	-	**(6 701)**
Statute-barred liabilities written-off (note 32)	-	-	-	2 444	**2 444**
Valuation gains/(losses)	39 127	89	(1 055)	5 294	**43 455**
Gains /(losses) on disposal/ realization of financial instruments (note 14.1)	482	-	3 900	-	**4 382**
Total	**203 993**	**(2 133)**	**2 845**	**24 903**	**229 608**

For the period from 1 January 2022 to 31 December 2022:

	Financial assets measured at fair value through profit or loss (FVPL) from initial recognition	Financial assets measured at amortized cost	Financial liabilities measured at fair value through profit or loss (FVPL) from initial recognition	Financial liabilities measured at amortized cost	Total
Interest income /(expense) (note 32)	107 444	2 078	-	4	**109 526**
Foreign exchange gains /(losses) (note 32)	(2 355)	(3 546)	-	8 918	**3 017**
Reversal/ (recognition) of impairment write-downs (note 31, 32)	(6 618)	(16 449)	-	-	**(23 067)**
Statute-barred liabilities written-off (note 32)	-	-	-	5 048	**5 048**
Valuation gains/(losses)	4 480	(734)	(1 686)	11 048	**13 108**
Gains /(losses) on disposal/ realization of financial instruments (note 14.1)	(506)	-	314	-	**(192)**
Total	**102 445**	**(18 651)**	**(1 372)**	**25 018**	**107 440**

(all amounts are expressed in PLN thousand, unless stated otherwise)

14.1 Derivative financial instruments

The Company concludes transactions involving derivative financial instruments to hedge against the exchange risk. Rules defining the use of derivative financial instruments are set out in the Risk Management Policy authorized by the Management Board, as described in more detail in note 7.

Derivative financial instruments (derivatives) are measured at the reporting date at a reliably determined fair value. Fair value of derivatives is estimated using the model based, among others, on currency exchange rates (closing rates) prevailing on the reporting date and on differences in interest rates of the quotation and base currencies. The fair value of currency options is determined using banking models based on the expected market price of the underlying instrument, the strike (exercise) price, the time remaining to option exercise date and the volatility of the price of the underlying instrument.

The effects of periodic valuation of derivatives and gains and losses determined at settlement date are reported, as appropriate, under other operating income or other operating expenses for the period.

The fair value and changes in the valuation of transactions concluded by the Company and open as at 31 December 2023 and 31 December 2022 are presented in the table below:

	Financial assets arising from derivatives valuation		Financial liabilities arising from derivatives valuation	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
Currency options, of which:	13 874	2 397	-	-
– up to 1 year	*8 679*	*33*	-	-
– 1 – 2 years	*5 195*	*1 392*	-	-
– 2- 5 years	-	*972*	-	-
FX forward contracts, of which:	27 837	3 016	497	2 231
– up to 1 year	*16 322*	*2 511*	*497*	*2 015*
– 1 – 2 years	*11 515*	*358*	-	*43*
– 2- 5 years	-	*147*	-	*173*
Total	**41 711**	**5 413**	**497**	**2 231**

The total nominal absolute value of FX Forwards as at 31 December 2023 was EUR 62 525 thousand and currency options – EUR 47 350 thousand.

The total nominal absolute value of FX Forwards as at 31 December 2022 was EUR 69 810 thousand and currency options – EUR 48 000 thousand.

The forward sell/ buy rate for the transactions open as at 31 December 2023 ranged between EUR/PLN 4.3164-5.3815 (as at 31 December 2022, they were in the range of EUR/PLN 4.6642-5.3815). The rate of open currency options transactions as at 31 December 2023 and as at 31 December 2022 was in the range of EUR/PLN 4.69-4.692.

EUR-based forward transactions open as at 31 December 2023 are to be settled within 25 to 669 days, while as at 31 December 2022 – within 26 to 1 034 days. On the other hand, EUR-based currency options open as at 31 December 2023 are to be settled within 25 to 669 days, while as at 31 December 2022 – within 299 to 1 034 days.

As at 31 December 2023 and 31 December 2022, the Company *did not* apply hedge accounting.

Gains/ (losses) on derivative financial instruments

The effects of periodic valuation and settlement of FX forward contracts are reported under operating activities:

	2023	**2022**
Gains/ (losses) on valuation of FX forward contracts and currency options	38 072*	2 794**
Gains / (losses) on realisation of FX forward contracts and currency options	4 382	(192)
Total gains / (losses) on derivative financial instruments recognised as part of operating activities (note 31)	**42 454**	**2 602**

** The difference of PLN 40 thousand compared to the year-end change of financial assets and liabilities due to derivatives valuation results from the settlement of option premium in this amount*

*** The difference of PLN 3 007 thousand compared to the year-end change of financial assets and liabilities due to derivatives valuation results from the payment and capitalization of the option premium in this amount*

(all amounts are expressed in PLN thousand, unless stated otherwise)

14.2 Loans granted

	Balance as at 1 January 2023	Increases		Decreaes				Balance as at 31 December 2023		
		Loans granted	Accrued interest (note 32)	Loans repayment	Loan interest repayment	Foreign exchange differences	Set-off		Loan effective interest rate	Maturity date
Long-term loans granted										
Budimex Parking Wrocław Sp. z o.o.	1 721	-	168	-	(176)	-	-	1 713	8.59%	19.12.2032
Budimex Kolejnictwo SA	31 100	-	2 476	-	(2 476)	-	-	31 100	8.01%	31.12.2029
Magnolia Energy Sp. z o.o.	48 050	1 530	3 808	-	(4 651)	-	-	48 737	7.92%	22.03.2027
Budimex F Sp. z o.o.	-	14 100	231	-	-	-	-	14 331	8.68%	12.10.2025
Fotowoltaika HIG XIV Sp. z o.o.	-	6 500	147	-	-	-	-	6 647	8.78%	21.09.2025
Total	**80 871**	**22 130**	**6 830**	**-**	**(7 303)**	**-**	**-**	**102 528**		
Short-term loans granted										
Budimex F Sp. z o.o.	1 987	20	149	(1 930)	(226)	-	-	-	9.66%	-
Budimex Slovakia s.r.o.	476	-	5	-	(12)	(1)	(468)	-	2.79%	-
Fotowoltaika HIG XIV Sp. z o.o.	468	240	46	(660)	(94)	-	-	-	10.43%	-
Mostostal Kraków SA	-	10 000	26	(10 000)	(26)	-	-	-	9.85%	-
Budimex Mobility SA	-	1 100	27	(1 100)	(27)	-	-	-	9.93%	-
Budimex A Sp. z o.o.	-	1 260	64	-	-	-	-	1 324	8.81%	29.02.2024
Budimex O Sp. z o.o.	-	1 500	78	-	-	-	-	1 578	8.81%	31.05.2024
Budimex P Sp. z o.o.	-	230	13	-	-	-	-	243	8.81%	24.05.2024
Budimex R Sp. z o.o.	-	1 500	63	-	-	-	-	1 563	8.81%	30.06.2024
Total	**2 931**	**15 850**	**471**	**(13 690)**	**(385)**	**(1)**	**(468)**	**4 708**		

(all amounts are expressed in PLN thousand, unless stated otherwise)

	Balance as at 1 January 2022	Increases			Decreaes				Balance as at 31 December 2022		
		Loans granted	Accrued interest (note 32)	Foreign exchange differences	Loans repayment	Loan interest repayment	Foreign exchange differences	Conversion to shares (note 13)		Loan effective interest rate	Maturity date
Long-term loans granted											
Budimex Parking Wrocław Sp. z o.o.	1 692	-	87	-	-	(58)	-	-	1 721	10,46%	19.12.2032
Budimex Kolejnictwo SA	36 000	11 100	749	-	(16 000)	(749)	-	-	31 100	9,26%	31.12.2029
Magnolia Energy Sp. z o.o.	-	58 570	1 480	-	(12 000)	-	-	-	48 050	7,92%	22.03.2027
Total	**37 692**	**69 670**	**2 316**	**-**	**(28 000)**	**(807)**	**-**	**-**	**80 871**		
Short-term loans granted											
Budimex F Sp. z o.o.	-	1 810	71	-	-	-	-	-	1 881	9,78%	31.05.2023
Budimex F Sp. z o.o.	-	100	6	-	-	-	-	-	106	6,99%	31.05.2023
Budimex Slovakia s.r.o.	-	468	8	-	-	-	-	-	476	2,79%	31.05.2023
Fotowoltaika HIG XIV Sp. z o.o.	-	463	5	-	-	-	-	-	468	11,14%	31.12.2023
Magnolia Energy Sp. z o.o.	-	4 593	22	-	(4 593)	(22)	-	-	-	-	-
Budimex Bau GmbH	1 865	3 748	90	-	-	(114)	(8)	(5 581)	-	-	-
Total	**1 865**	**11 182**	**202**	**-**	**(4 593)**	**(136)**	**(8)**	**(5 581)**	**2 931**		

The fair value of granted loans approximates their carrying amount. Loans granted were classified as financial assets measured at amortized cost.

(all amounts are expressed in PLN thousand, unless stated otherwise)

14.3 Liabilities due to deferred payment for shares

As at 31 December 2023 and as at 31 December 2022, Budimex SA reported liabilities due to deferred payment for shares in Magnolia Energy Sp. z o.o. As at 31 December 2023, this liability amounted to PLN 7 417 thousand, of which PLN 1 012 thousand was recognized as short-term other financial liabilities and PLN 6 405 thousand as long-term other financial liabilities. The liabilities were measured at amortized cost. The final settlement of the price will depend on the actual levels of electricity produced and sold by the company and the settlement of the company's net debt.

15. Trade and other receivables

Long-term trade and other receivables	31 December 2023	31 December 2022
Prepayments and accruals	26 187	24 313
Total receivables, net	**26 187**	**24 313**
Impairment write-downs	-	-
Total receivables, gross	**26 187**	**24 313**

Short-term trade and other receivables	31 December 2023	31 December 2022
Trade receivables	958 926	705 471
Advanced payments made	23 186	50 052
Prepayments and accruals	27 880	26 810
Dividend receivables	-	255
Other receivables	22 539	19 002
Total receivables, net	**1 032 531**	**801 590**
Impairment write-downs	104 459	91 096
Total receivables, gross	**1 136 990**	**892 686**

No credit risk concentration in respect of trade receivables was identified due to the fact that the main customers of the Company are government administration offices and state-owned companies implementing government infrastructure investment programs.

Trade receivables from the 5 contractors with the largest balances as at 31 December 2023 amounted to a total of PLN 605 916 thousand and accounted for 63.19% of trade receivables:

	balance	% share
Contractor 1	223 588	23.32%
Contractor 2	175 111	18.26%
Contractor 3	92 091	9.61%
Contractor 4	65 053	6.78%
Contractor 5	50 073	5.22%
Other	353 010	36.81%
Total trade receivables	**958 926**	**100.00%**

(all amounts are expressed in PLN thousand, unless stated otherwise)

Trade receivables from the 5 contractors with the largest balances as at 31 December 2022 amounted to a total of PLN 464 238 thousand and accounted for 65.80% of trade receivables:

	balance	% share
Contractor 1	172 727	24.48%
Contractor 2	117 295	16.63%
Contractor 3	79 652	11.29%
Contractor 4	79 467	11.26%
Contractor 5	15 097	2.14%
Other	241 233	34.20%
Total trade receivables	**705 471**	**100.00%**

Prepayments mainly include guarantee and insurance costs paid in advance.

The fair value of trade and other receivables approximates their carrying amount.

As at 31 December 2023 and 31 December 2022, no securities or collaterals were established on these assets.

Change in impairment write-downs against receivables	31 December 2023	31 December 2022
Impairment write-downs against receivables – opening balance	**91 096**	**86 180**
Increases:	**15 427**	**12 683**
- doubtful and overdue receivables (note 31)	15 427	12 665
- valuation of impairment balances at a foreign operation	-	18
Decreases:	**(2 064)**	**(7 767)**
- debtor repayments (note 31)	(1 759)	(2 690)
- write-off of impaired receivables	(224)	(5 077)
- valuation of impairment balances at a foreign operation	(81)	-
Impairment write-downs against receivables – closing balance	**104 459**	**91 096**

Impairment write-downs against trade and other receivables have been measured at the amount of lifetime expected credit losses of the given financial asset.

Methodology to calculate impairment write-downs in the amount of expected credit losses for receivables

Budimex SA analyses credit risk for trade receivables, by the following groups of amounts receivable:

1. public investor receivables from main sales
2. private investor receivables from main sales
3. other receivables from other contractors from re-invoiced raw materials, re-invoiced costs and re-invoiced owner's representation/ project supervisor *(wykonawstwo zastępcze)* expenses etc.

For the above groups of receivables, a portfolio analysis was performed and a simplified matrix was used for the impairment write-downs in individual receivable ageing categories, based on the receivables' lifetime expected credit losses calculated using the indexes of impairment write-downs in the individual categories determined using the 2018-2022 historical data.

1. In the analysed period, on average approx. 87% of sales was realised to the public sector companies, including in a significant part to the state-owned companies. Given the fact that the Company does not assume any significant change in the realized sales structure, and the level of impairment write-downs against past due receivables from these entities was approx. 0.2%, the credit risk for this portfolio was assessed as insignificant.

The remaining part of the portfolio relates to receivables from private investors and from other contractors:

2. Receivables from private contractors incur the highest credit risk. However, the preventive credit risk control policy applied by Budimex SA minimizes the level of non-performing receivables also in this part of the portfolio. The average for the last 5 years shows that the level of impairment write-downs approximated 0.2% of portfolio receivables.
3. Receivables from other contractors incur higher credit risk, but due to their marginal share in total receivables (of approx. 7.2%, and approx. 0.6% share in total sales) and the adopted policy for their valuation and re-valuation at the time of origination based on expected cash flows and held securities (guarantees and retentions to be set-off against), they also do not have any significant impact on risk assessments in the future.

Given the specific character of construction contracts, the receivables considered by Budimex SA as doubtful debts (i.e. those whose credit risk has increased significantly) are the receivables which are past due for more than 180 days or receivables from the contractors facing bankruptcy. If this is the case, then, irrespective of the maturity date or future risk estimate, a 100% write-down is recognized based on the monthly analysis of overdue receivables obtained for individual contractors (if set-off against liabilities to the same contractor is not possible).

(all amounts are expressed in PLN thousand, unless stated otherwise)

The cost of receivables impairment write-down is analysed over the entire lifetime of these assets, while taking into account that the revaluation does not mean a decision to discontinue debt recovery, but only indicates prudency in the approach to financial assets valuation.

As at 31 December 2023, all overdue other receivables in the amount of PLN 33 111 thousand were classified to the category of receivables whose credit risk significantly increased.

As at 31 December 2023, the total impairment write-down in the amount of expected credit losses was PLN 104 459 thousand (PLN 91 096 thousand as at 31 December 2022).

Ageing analysis of trade receivables

	31 December 2023	31 December 2022
Trade receivables due and receivable in:		
- up to 1 month	819 872	335 432
- 1 – 3 months	79 717	204 146
- 3 - 6 months	-	-
- 6 months – 1 year	-	-
- above 1 year	-	-
- overdue trade receivables	130 685	224 147
Trade receivables, gross	**1 030 274**	**763 725**
Impairment write-downs	71 348	58 254
Trade receivables, net	**958 926**	**705 471**

The Company's exposure to credit risk in relation to trade receivables is presented in the table below:

	Short-term trade receivables as at 31 December 2023						
		overdue for					
	current	**1-30 days**	**31-90 days**	**91-180 days**	**181-365 days**	**>365 days**	**Total**
Risk of default*	0.53%	0.65%	32.46%	9.83%	90.72%	58.13%	
Gross value of risk-exposed receivables (gross value at risk)	899 589	14 527	3 352	5 482	7 697	99 627	**1 030 274**
ECL allowance	4 732	95	1 088	539	6 983	57 911	**71 348**

	Short-term trade receivables as at 31 December 2022						
		overdue for					
	current	**1-30 days**	**31-90 days**	**91-180 days**	**181-365 days**	**>365 days**	**Total**
Risk of default*	1.99%	0.13%	0.00%	0.04%	65.63%	56.45%	
Gross value of risk-exposed receivables (gross value at risk)	539 578	105 666	21 930	12 971	2 034	81 546	**763 725**
ECL allowance	10 744	138	-	5	1 335	46 032	**58 254**

**includes standard risk determined based on historical data and additional impairment write-downs made for selected contractors*

The receivables for which no impairment write-down was recognised and which are not past due, do not incur high credit risk.

16. Inventories

	31 December 2023	31 December 2022
Raw materials	569 503	681 957
Semi-finished goods and work in progress	143	54
Inventories net value – closing balance	**569 646**	**682 011**
Inventory impairment write-downs – closing balance	7 480	7 480
Inventories gross value – closing balance	**577 126**	**689 491**

(all amounts are expressed in PLN thousand, unless stated otherwise)

Inventory impairment write-downs

	2023	2022
Inventory impairment write-downs – opening balance	**7 480**	**7 480**
Inventory impairment write-downs – closing balance	**7 480**	**7 480**

As at 31 December 2023 and 31 December 2022, there were *no* liens or encumbrances *(obciążenia o charakterze prawnorzeczowym)* or encumbrances obligating to perform a legal act *(obciążenia obligacyjne)* established on the Company's inventories. The Company also *did not* have any interest capitalised in inventories.

As at 31 December 2023 and 31 December 2022, the expected period of all inventory stocks utilization did not exceed 12 months.

17. Cash and cash equivalents

	31 December 2023	31 December 2022
Cash on hand	3	3
Cash at bank	3 457 645	2 814 852
– current accounts	82 377	102 672
– overnight (one-day) deposits	23 070	295
– other deposits	3 352 198	2 711 885
Other cash equivalents (interest)	27 339	15 970
Total cash and cash equivalents	**3 484 987**	**2 830 825**
Cash and cash equivalents of restricted use	(12 930)	(9 010)
Cash recognised in the statement of cash flows	**3 472 057**	**2 821 815**

The balance of cash and cash equivalents of restricted use comprises mainly cash of consortium partners in the part belonging to co-consortium members and the cash held on VAT accounts under split payment.

Short-term bank deposits and highly liquid investments included in cash and cash equivalents comprise mainly "overnight" deposits and short-term deposits with a maturity period of 7 - 181 days with an average effective interest rate as at 31 December 2023 of 5.35% per annum for PLN-based deposits (as at 31 December 2022: 7.08% p.a. for PLN-based deposits) and for EUR-based deposits - with an average effective interest rate of 2.74% p.a. as at 31 December 2023 (as at 31 December 2022: 1.40% p.a.). The average maturity period for these deposits is 89 days (31 December 2022: 56 days).

In 2023, the Company acquired cash and cash equivalents with a value of PLN 4 771 thousand following guarantee realization (in 2022: PLN 2 163 thousand).

18. Equity

The issued capital of the Company consists of 25 530 098 shares with a total value of PLN 127 650 thousand. The structure of the issued capital of the Company as at 31 December 2023 is as follows:

Share series/ issue	Class of shares	Type of preference	Type of restrictions on rights to shares	Number of shares	Value of series/ issues according to nominal value
A	ordinary/ registered	None	None	2 250	11
A	ordinary/bearer	None	None	2 997 750	14 989
B	ordinary/bearer	None	None	2 000 000	10 000
C	ordinary/bearer	None	None	1 900 285	9 502
D	ordinary/bearer	None	None	1 725 072	8 625
E	ordinary/bearer	None	None	2 000 000	10 000
F	ordinary/bearer	None	None	5 312 678	26 563
G	ordinary/bearer	None	None	2 217 549	11 088
H	ordinary/bearer	None	None	1 448 554	7 243
I	ordinary/bearer	None	None	186 250	931
K	ordinary/bearer	None	None	1 484 693	7 423
L	ordinary/bearer	None	None	4 255 017	21 275
Total				**25 530 098**	**127 650**

(all amounts are expressed in PLN thousand, unless stated otherwise)

The number of shares making up authorised issued capital equates to the number of issued shares. The nominal value of one share in PLN 5. The Company does not hold treasury shares. No shares were reserved for the purpose of share issuance related to the exercise of options or realization of sale contracts.

At the date of transition to IFRSs, the Company adjusted the value of issued capital and of share premium for the period, in which the Polish economy was hyperinflationary. The effects of the restatement and reconciliation of balances shown in the books of account and corporate records of the Company as at 31 December 2023 and 31 December 2022 to the balances recognised in the financial statements are presented in the table below.

Issued capital	31 December 2023	31 December 2022
Issued capital as per National Court Register (KRS)	**127 650**	**127 650**
Restatement of equity due to hyperinflation	18 198	18 198
Value reported in the financial statements	**145 848**	**145 848**

Share premium	31 December 2023	31 December 2022
Value as per books of account	**78 119**	**78 119**
Restatement of equity due to hyperinflation	2 080	2 080
Value reported in the financial statements	**80 199**	**80 199**

The value by which the issued capital and share premium were adjusted for hyperinflation was recognised under „accumulated profits/ (losses) from previous years" in equity.

Other reserves	31 December 2023	31 December 2022
Created in accordance with articles of association	42 550	42 550
Created in accordance with articles of association in excess of minimum statutory amounts – from revaluation	4 241	4 241
Actuarial gains/ (losses)	794	2 181
Share-based payments (note 36)	7 171	7 171
Other	1 529	1 529
Total	**56 285**	**57 672**

Retained earnings/ (losses)	31 December 2023	31 December 2022
Retained earnings representing reserve capital	161 965	161 712
Result for the current year	749 569	459 539
Total	**911 534**	**621 251**

19. Loans and borrowings and other external sources of finance

	31 December 2023	31 December 2022
Non-current		
Lease liabilities	62 553	74 274
	62 553	**74 274**
Current		
Lease liabilities	41 307	49 328
	41 307	**49 328**
Total	**103 860**	**123 602**

19.1. Bank loans and borrowings

As at 31 December 2023 and 31 December 2022, the Company had concluded overdraft facility agreements with banks, which at the reporting date were not utilised.

In the period covered by these financial statements, no instances were identified of default on principal or interest payment or non-compliance with other terms and conditions of loans and borrowings. The Company did not violate or renegotiate the terms and conditions of the loans or borrowings prior to the authorization of these financial statements.

19.2. Lease liabilities

The Company signed lease contracts for financing all classes of property, plant and equipment, mainly plant and machinery, and means of transport. Leased assets were made available for the period from 13 months (construction site offices) to

(all amounts are expressed in PLN thousand, unless stated otherwise)

1 200 months (perpetual usufruct). After the completion of the original lease term and after discharging its liabilities, the Company will have the right to acquire some of the leased assets for the price equating their residual value.

The performance of some of the obligations under lease contracts is secured by a blank promissory note issued by the Company, together with a written authorisation for its drawing.

Ageing analysis of lease liabilities

31 December 2023	Present value of lease payments	Undiscounted contractual cash flows
– less than 1 year	41 307	44 947
– 1 – 3 years	35 093	37 117
– 3 – 5 years	10 640	11 163
– above 5 years	16 820	19 819
	103 860	**113 046**

31 December 2022	Present value of lease payments	Undiscounted contractual cash flows
– less than 1 year	49 328	52 254
– 1 – 3 years	40 206	42 287
– 3 – 5 years	11 143	11 781
– above 5 years	22 925	26 170
	123 602	**132 492**

The Company has the option to make early repayment of some of its lease liabilities. The underlying lease contracts do not provide for penalties for early repayment of these liabilities.

19.3. Interest rate risk

The effective interest rates as at 31 December 2023 and 31 December 2022 were as follows:

	31 December 2023			31 December 2022	
	PLN	CZK	EUR	PLN	EUR
Lease liabilities	7.21%-8.29%	8.40% - 8.51%	3.53% - 5.26%	7.00%-8.53%	0.81%

20. Trade and other payables

	31 December 2023	31 December 2022
Trade liabilities	117 511	141 442
Un-invoiced costs	763 706	577 650
Taxation and social security (ZUS) creditors	147 601	147 199
Payroll	6 282	6 676
Accrued expenses	463 184	413 497
Other liabilities	12 189	2 927
Total liabilities	**1 510 473**	**1 289 391**

Accrued expenses	31 December 2023	31 December 2022
Cost of unpaid bonus	339 613	292 327
Cost of unused annual leave	67 890	61 473
Costs of realised construction contracts completion	52 944	56 254
Other	2 737	3 443
Total	**463 184**	**413 497**

All trade and other payables as at 31 December 2023 and 31 December 2022 were recognised under current liabilities as they will be settled during the Company's normal operating cycle.

Financial liabilities comprise trade liabilities, un-invoiced costs, payroll and accrued expenses relating to unused annul leave and employee bonus.

Non-financial liabilities comprise taxation and social security creditors, accrued expenses relating to costs of construction contracts completion and other liabilities.

(all amounts are expressed in PLN thousand, unless stated otherwise)

21. Income tax

Deferred tax assets	31 December 2023	31 December 2022
– to be realised after 12 months	239 470	204 643
– to be realised within 12 months	660 034	591 333
Total	**899 504**	**795 976**
Offsetting	(123 867)	(140 320)
Deferred tax assets, after set-off	**775 637**	**655 656**

Deferred tax liabilities	31 December 2023	31 December 2022
– to be utilised after 12 months	20 874	23 736
– to be utilised within 12 months	102 993	116 584
Total	**123 867**	**140 320**
Offsetting	(123 867)	(140 320)
Deferred tax liabilities, after set-off	**-**	**-**

Movements in the net balance of deferred tax are as follows:

	2023	2022
Balance at the beginning of the year	**655 656**	**626 804**
Credit/ (charge) to financial result	119 656	29 467
Credit/ (charge) to other comprehensive income	325	(615)
Balance at the end of the year	**775 637**	**655 656**

Deferred tax assets and deferred tax liabilities are recognised in respect of deductible and taxable temporary differences relating to local items of assets and liabilities using the 19% tax rate, and for temporary differences in the case of taxable income abroad – based on the tax rates of the country being the primary economic environment, in which the Company operates and pays income tax.

As at 31 December 2023, deductible temporary differences and carry-forward of unused tax losses for which no deferred tax asset was recognised in the statement of financial position amounted to PLN 202 911 thousand (the value of deferred tax asset – PLN 38 553 thousand, respectively) and related to impairment write-downs against receivables, valuation allowance on shares, losses incurred by foreign branches and provisions on one of the construction contracts. The reason for not recognising a deferred tax asset is:

- in the case of impairment write-downs against receivables - the low probability of the receivables becoming uncollectible under Polish tax law;

- in the case of provisions for one of the construction contracts - the inability to recognise these provisions as tax deductible costs;

- for valuation allowance on shares in subsidiaries - no plans to sell subsidiaries;

- in the case of tax losses incurred by foreign branches - uncertainty about future taxable income generated by these entities.

The carry-forward of unused tax losses and deductible temporary differences arising from valuation allowance on shares in subsidiaries expire in 2029, while other deductible temporary differences expire in 2024.

As at 31 December 2022, deductible temporary differences and carry-forward of unused tax losses for which no deferred tax asset was recognised in the statement of financial position amounted to PLN 175 702 thousand (deferred tax asset amounted to PLN 33 383 thousand, respectively) and related to impairment write-downs against receivables and provisions on a selected construction contract.

	2023	2022
Current tax	291 249	154 439
Deferred tax	(119 656)	(29 467)
Adjustments to prior periods current income tax	(20 158)	(40 569)
Tax expense/ (tax income)	**151 435**	**84 403**

(all amounts are expressed in PLN thousand, unless stated otherwise)

Current tax	**2023**	**2022**
Gross profit/ (loss)	901 004	543 942
Differences between accounting gross profit/ (loss) and taxable base (by title):	602 116	240 429
– *permanent differences between gross profit and taxable income*	*(32 284)*	*(4 679)*
– *temporary differences between gross profit and taxable income*	*634 757*	*264 403*
– *tax losses (profits) of foreign operations and losses from separate revenue sources*	*(357)*	*(19 295)*
Taxable base	1 503 120	784 371
Income tax at binding rate of 19%	285 593	149 030
Income tax on profits earned abroad	4 243	3 120
Income tax on industrial and commercial business operations in Germany	1 585	2 439
Tax increases, waivers, exemptions, deductions and reductions	(172)	(150)
Current tax	**291 249**	**154 439**

**permanent differences included primarily received dividends*

The reconciliation of the Company's accounting gross profit and notional amount that would be recognised had the weighted average rate of tax was applied to the profits is as follows:

	2023	**2022**
Pre-tax profit/ (loss)	**901 004**	**543 942**
Tax calculated using domestic tax rates	171 191	103 349
Differences in taxation of revenues of foreign operations	(410)	(626)
Adjustments to prior periods current income tax	(20 158)	(40 569)
Tax effects of permanent differences between gross profit and taxable income	(6 134)	(889)
Deductible temporary differences, carry-forward of unused tax losses and carry-forward of unused tax credits for which no deferred tax assets were recognised in the statement of financial position	4 993	25 750
Tax expense/ (tax income) calculated with respect to industrial and commercial business in Germany	1 585	2 439
Utilization of unrecognized tax losses or prior period deductible temporary differences	(627)	(4 901)
Differences arising from double taxation treaties	1 167	-
Other	(172)	(150)
Tax expense/ (tax income)	**151 435**	**84 403**
Effective tax rate	*16.81%*	*15.52%*

(all amounts are expressed in PLN thousand, unless stated otherwise)

Movements in the balance of deferred tax liability (by tittle) (before set-off), is presented as follows:

	Deferred tax liability as at 1 January 2022	Recognition/ (utilization) of deferred tax liability through profit or loss	Recognition/ (utilization) of deferred tax liability through other comprehensive income	Other changes*	Deferred tax liability as at 31 December 2022	Recognition/ (utilization) of deferred tax liability through profit or loss	Recognition/ (utilization) of deferred tax liability through other comprehensive income	Other changes	Deferred tax liability as at 31 December 2023
Valuation of construction contracts	132 943	(40 633)	-	-	92 310	(12 938)	-	-	79 372
Valuation of forward transactions	222	235	-	-	457	6 897	-	-	7 354
Discount of retentions for construction contracts	4 623	2 099	-	-	6 722	1 006	-	-	7 728
Receivables – accrued interest	188	3 153	-	-	3 341	2 086	-	-	5 427
Leased assets	27 995	(406)	-	-	27 589	(4 350)	-	-	23 239
Other	4 709	5 192	-	-	9 901	(9 154)	-	-	747
Total	**170 680**	**(30 360)**	**-**	**-**	**140 320**	**(16 453)**	**-**	**-**	**123 867**
Offsetting	(170 680)				(140 320)				(123 867)
After set-off (reported in the statement of financial position)	**-**				**-**				**-**

(all amounts are expressed in PLN thousand, unless stated otherwise)

Movements in the balance of deferred tax assets (by tittle) (before set-off), is presented as follows:

	Deferred tax assets as at 1 January 2022	Recognition/ (utilization) of deferred tax assets through profit or loss	Recognition/ (utilization) of deferred tax assets through other comprehensive income	Other changes*	Deferred tax assets as at 31 December 2022	Recognition/ (utilization) of deferred tax assets through profit or loss	Recognition/ (utilization) of deferred tax assets through other comprehensive income	Other changes	Deferred tax assets as at 31 December 2023
Valuation of construction contracts	296 616	(18 863)	-	-	277 753	49 475	-	-	327 228
Provision for contract losses	96 942	53 400	-	-	150 342	(6 277)	-	-	144 065
Contract costs related to accrued income	113 387	(33 119)	-	-	80 268	(11 072)	-	-	69 196
Liabilities – un-invoiced costs	39 567	(1 775)	-	-	37 792	17 041	-	-	54 833
Provision for warranty repairs	109 973	3 189	-	-	113 162	21 725	-	-	134 887
Other provisions for liabilities	30 116	(11 910)	-	(39)	18 167	22 578	-	-	40 745
Receivables – impairment write-downs	5 433	1 168	-	-	6 601	630	-	-	7 231
Settlements for employee bonuses	48 762	6 109	-	-	54 871	8 682	-	-	63 553
Settlements for unused annual leave	8 870	2 343	-	-	11 213	1 260	-	-	12 473
Discount of retentions for construction contracts	1 023	139	-	-	1 162	(17)	-	-	1 145
Valuation of forward transactions	720	(296)	-	-	424	(330)	-	-	94
Liabilities due to retirement benefits and similar obligations	2 096	191	(615)	-	1 672	192	325	-	2 189
Impairment write-down against long-term financial assets	2 976	-	-	-	2 976	(212)	-	-	2 764
Lease liabilities	23 418	(492)	-	-	22 926	(2 881)	-	-	20 045
Completion costs of realised construction contracts	10 041	111	-	-	10 152	(209)	-	-	9 943
Other	7 544	(1 088)	-	39	6 495	2 618	-	-	9 113
Total	**797 484**	**(893)**	**(615)**	**-**	**795 976**	**103 203**	**325**	**-**	**899 504**
Offsetting	(170 680)				(140 320)				(123 867)
After set-off (reported in the statement of financial position)	**626 804**				**655 656**				**775 637**

(all amounts are expressed in PLN thousand, unless stated otherwise)

22. Retirement benefits and similar obligations

As at 31 December 2023 and 31 December 2022, employees of the Company benefited from the retirement-pension benefits. Retirement and pension benefits are one-off payments upon retirement. The amount of the retirement benefit/ pension benefit due and payable is the product of the base of award calculation as of the date of entitlement (i.e. at the date the right to receive benefit payment vests) and the corresponding benefit multiplier, increasing with the seniority/years of service of the employee concerned.

Usually, the obligation to pay the retirement and pension benefits entails the actuarial risk consisting of:

Interest rate risk – the present value of liabilities from retirement benefits and similar obligations is calculated using the discount rate determined by reference to the profitability of T-bonds available on the market, as in Poland there are no highly liquid, low-risk commercial bonds. In case of a decrease in bonds interest rates, the balance of liabilities from retirement benefits and similar obligations increases.

Remuneration risk - the present value of liabilities from retirement benefits and similar obligations is calculated by reference to the future level of remuneration of employees of the Company. Thus, an increase in employee remuneration will result in an increase in liabilities from retirement benefits and similar obligations.

Longevity risk - the present value of liabilities from retirement benefits and similar obligations is calculated by reference to the best estimates of employee mortality during employment period. Therefore, an increase in the employee life expectancy will result in an increase in liabilities from retirement benefits.

Risk of changes to retirement age - the present value of liabilities from retirement benefits and similar obligations is calculated based on statutory retirement age applicable in Poland. Therefore, if the retirement age is raised, the present value of obligations under retirement benefits will decrease.

Liabilities due to employee benefits recognised in the statement of financial position:

	31 December 2023	31 December 2022
Retirement/ pension benefits, of which:	**11 520**	**8 803**
– present value of the obligation at the reporting date	11 520	8 803
Total retirement benefits and similar obligations	**11 520**	**8 803**
of which:		
– long-term portion	*10 062*	*7 564*
– short-term portion	*1 458*	*1 239*

Main actuarial assumptions (the table below shows the range of percentage rates adopted by actuary):

	31 December 2023	31 December 2022
Discount rate	4.70% – 5.78%	5.70% – 7.25%
Forecast salary growth rate	5.00% – 8.00%	5.00% – 9.00%

Assumptions regarding life expectancy are based on the 2022 Polish Life Expectancy Tables published by the Statistics Poland (Central Statistical Office of Poland).

The last valuation of employee benefits was made by an independent actuary as at 31 December 2023.

Changes in the balance of liability from retirement and pension benefits are presented in the table below.

	2023	2022
Present value of liability at the beginning of the period	**8 803**	**11 031**
Interest expense	577	298
Service costs	965	1 098
Benefits paid	(537)	(390)
Actuarial (gains)/losses, of which arising from:	1 712	(3 234)
- change in assumptions	*1 420*	*(3 601)*
- other	*292*	*367*
Present value of liability at the end of the period	**11 520**	**8 803**

(all amounts are expressed in PLN thousand, unless stated otherwise)

Costs of future employee benefits are presented in the table below:

	2023	2022
Service costs	965	1 098
Interest expense	577	298
Costs recognised in the profit and loss account (note 30)	**1 542**	**1 396**
Of which, employee benefits recognised in the profit and loss account under:		
– cost of finished goods, goods for resale and raw materials sold	*1 121*	*1 022*
– administrative expenses	*421*	*374*
Actuarial (gains)/ losses to be recognised in the period	1 712	(3 234)
Actuarial (gains)/ losses recognised in other comprehensive income	**1 712**	**(3 234)**

Sensitivity analysis

Significant actuarial assumptions applied to calculate liabilities from retirement benefits and similar obligations cover discount rate, expected salary increase and staff turnover.

Analysis of sensitivity to fluctuations in interest rates

An increase in the assumed discount rate by 1 percentage point would result in a decrease in liabilities from retirement and similar obligations by PLN 1 101 thousand, while a decrease in the assumed discount rate by 1 percentage point would bring about an increase in said liability by PLN 1 304 thousand.

Analysis of sensitivity to fluctuations in salary growth rates

An increase in the assumed salary growth rate by 1 percentage point would result in an increase in liabilities from retirement and similar obligations by PLN 1 412 thousand, while a decrease in the assumed salary growth rate by 1 percentage point would bring about a decrease in liability under retirement and similar benefits by PLN 1 209 thousand.

Analysis of sensitivity to staff turnover

An increase in the assumed staff turnover by 1 percentage point would result in a decrease in liabilities from retirement and similar obligations by PLN 506 thousand, while a decrease in the assumed staff turnover by 1 percentage point would bring about an increase in said liability by PLN 556 thousand.

The above sensitivity analysis may not be representative for the effective movements in liability from retirement benefits and similar obligations. It is also rather unlikely that the changes in individual assumptions occur separately from others, as some assumptions may be correlated.

The methods and assumptions underlying sensitivity analysis did not change materially compared to the prior year.

23. Provisions for liabilities and other charges

Long-term provisions for liabilities and other charges	**31 December 2023**	**31 December 2022**
Warranty repairs		
balance at the beginning of the period	**546 166**	**538 895**
recognition	178 284	88 003
reversal	(39 556)	(21 459)
transfer to short-term items	(111 516)	(59 273)
balance at the end of the period	**573 378**	**546 166**
Other		
balance at the beginning of the period	**7 899**	**7 899**
balance at the end of the period	**7 899**	**7 899**
Other provisions for liabilities, total	**581 277**	**554 065**

(all amounts are expressed in PLN thousand, unless stated otherwise)

Short-term provisions for liabilities and other charges	**31 December 2023**	**31 December 2022**
Litigation proceedings		
balance at the beginning of the period	**40 128**	**31 477**
- recognition (note 31)	4 094	9 434
- utilisation	(205)	(663)
- reversal (note 31)	(8 311)	(122)
- other	(8)	2
balance at the end of the period	**35 698**	**40 128**
Warranty repairs		
balance at the beginning of the period	**71 524**	**58 213**
- transfer from long-term items	111 516	59 273
- utilization	(37 178)	(45 962)
balance at the end of the period	**145 862**	**71 524**
Provision for penalties/ sanctions		
balance at the beginning of the period	**172 374**	**166 712**
- recognition	155 809[1]	26 424[2]
- utilisation	(405)	(1 676)
- reversal	(36 896)[3]	(19 086)[4]
balance at the end of the period	**290 882**	**172 374**
Other		
balance at the beginning of the period	**5 983**	**5 983**
balance at the end of the period	**5 983**	**5 983**
Other provisions for liabilities, total	**478 425**	**290 009**

[1)] *incl. PLN 155 488 thousand recognised as a decrease in revenues from the sale of products and services and goods for resale and raw materials and PLN 321 thousand recognised in other operating expenses (note 31)*

[2)] *incl. PLN 25 143 thousand recognised as a decrease in revenues from the sale of products and services as well as goods for resale and raw materials and PLN 1 281 thousand recognised in other operating expenses (note 31)*

[3)] *incl. PLN 36 896 thousand recognised as an increase in revenues from the sale of products and services as well as goods for resale and raw materials*

[4)] *incl. PLN 19 010 thousand recognised as an increase in revenues from the sale of products and services as well as goods for resale and raw materials and PLN 76 thousand recognised in other operating income (note 31)*

The creation/ (reversal) of provisions for litigation was recognised under other operating expenses (note 31), while creation/ (reversal) of provisions for warranty repairs – under operating expenses.

The most significant court cases, to which the Company is a party have been described in point 5.6 of the Directors' Report on activities for 2023.

24. Construction contracts

The table below presents data relating to construction contracts valued by the Company in accordance with the stage of completion method (expenditure- or result-based method):

Selected financial data:

	31 December 2023	**31 December 2022**
Assets		
– valuation of construction contracts (note 28)	438 299	485 840
Liabilities		
– valuation of construction contracts (note 28)	1 722 253	1 461 856
– provision for construction contract losses	758 236	791 275
– advance payments received for construction contracts in progress (note 25)	412 492	546 350

The fair value of valuation of construction contracts approximates contracts carrying amount.

(all amounts are expressed in PLN thousand, unless stated otherwise)

25. Deferred income

Deferred income comprises:

	31 December 2023	31 December 2022
Advance payments received for construction contracts in progress (note 24)	412 492	546 350
Other	10 407	4 874
Total	**422 899**	**551 224**

All advance payments received and other deferred income as at 31 December 2023 and 31 December 2022 were recognised under current liabilities as they will be settled during the Company's normal operating cycle.

26. Retentions for construction contracts

	31 December 2023	31 December 2022
Retained by customers – to be returned after 12 months	65 920	80 269
Retained by customers – to be returned within 12 months	86 476	77 228
Total retentions for construction contracts retained by customers	**152 396**	**157 497**
Received from suppliers – to be returned after 12 months	234 390	221 109
Received from suppliers – to be returned within 12 months	213 732	205 273
Total retentions for construction contracts received from suppliers	**448 122**	**426 382**

Retentions for construction contracts with a payment date of more than one year are discounted and are recognised in the statement of financial position at present value. The table below shows the results of discounting recognised in the statement of financial position and profit and loss account of the Company in individual periods. The amounts of discount reduce, as appropriate, the nominal value of receivables and liabilities from retentions for construction contracts. In addition, a deferred tax asset is recognised in the statement of financial position on the amounts stated calculated using the tax rate prevailing in Poland, i.e. 19%, and on the effect of change in the value of discount in the profit and loss account.

	31 December 2023	31 December 2022
Discount of long-term retentions for construction contracts retained by customers	6 025	6 114
Discount of long-term retentions for construction contracts received from suppliers	40 674	35 380

Discount recognised in the profit and loss account:

	2023	2022
Decrease in sales revenue	(2 574)	(2 930)
Reduction in the cost of services sold	17 473	20 756
Total adjustment to gross margin	**14 899**	**17 826**
Adjustment to finance income / (finance costs) (note 32)	(9 516)	(7 512)
Deferred tax on the above adjustments	(1 023)	(1 960)
Net effect on the profit and loss account	**4 360**	**8 354**

The fair value of the amounts retained by customers and of the amounts received from suppliers approximates their respective carrying amounts.

Movements in the balance of impairment write-downs against retentions for construction contracts retained by customers	31 December 2023	31 December 2022
balance at the beginning of the period	**9 621**	**3 404**
Increases:	**5 751**	**8 066**
- doubtful and overdue receivables (note 31)	5 751	8 066
Decreases:	**(12 719)**	**(1 849)**
- repayment of receivables by debtors (note 31)	(12 718)	(1 592)
- receivables written-off	-	(257)
- other	(1)	-
Balance of impairment write-downs against retentions for construction contracts at the end of the period	**2 653**	**9 621**

(all amounts are expressed in PLN thousand, unless stated otherwise)

27. Revenue from contracts with customers

The Company operates in one business segment only i.e. in the construction segment.

Revenues from the sale of finished goods and services, and goods for resale and raw materials, by type of good or service, were as follows:

Type of service/ goods	2023	2022
Sales of construction-assembly work	8 357 015	7 450 660
Sales of other services	78 439	51 103
Sales of goods for resale and raw materials	34 214	6 174
Total sales of finished goods and services, goods for resale and raw materials	**8 469 668**	**7 507 937**

Revenues from the sale of finished goods and services, and goods for resale and raw materials, by geographical area, were as follows:

Country	2023	2022
Poland	8 203 821	7 267 527
Germany	208 755	221 329
Slovakia	57 092	-
Other EU countries	-	19 081
Total sales of finished goods and services, goods for resale and raw materials	**8 469 668**	**7 507 937**

Revenues from the sale of finished goods and services, and goods for resale and raw materials, by type of constructed objects, were as follows:

Type of constructed objects	2023	2022
Land-engineering facilities	3 547 311	3 019 339
Railway	2 489 286	1 876 617
Cubic objects (building structures), of which:	2 320 418	2 554 704
- non-housing	*2 205 582*	*2 325 883*
- housing	*114 836*	*228 821*
Other	112 653	57 277
Total sales of finished goods and services, goods for resale and raw materials	**8 469 668**	**7 507 937**

28. Assets and liabilities arising from contracts with customers

Deadline to satisfy contract performance obligations vs applied payment deadlines

Construction contracts are settled with investors in the following manner:

- during contract performance – partially, as the work progresses, most often in monthly periods based on settlement documents confirming completion of certain types of work and satisfaction of other contract performance obligations (interim certificate of payment, interim technical acceptance (OT) protocols, progress billings), and
- after contract work completion – based on final documents (final technical acceptance (OT) protocol, final invoice), confirming completion of contract work and complete satisfaction of performance obligations necessary for final contract settlement.

Deadlines for the payment for construction works performed by the Company are usually set at 30 days, with the proviso that for certain construction contracts the Company obtains financing prior to the commencement of contract work in the form of advance payments which are settled successively under progress billings and under final invoice.

In 2023, no revenues were recognised from contracts with customers, under which performance obligation to deliver a good or service was satisfied in previous reporting periods.

In 2023, no revenue adjustments were recognised that could have impact on the assets or liabilities arising from contracts with customers, and which would result from a change in contract progress measurement or contract change.

(all amounts are expressed in PLN thousand, unless stated otherwise)

	1 January 2023	Change in contracts valuation	Revenue recognised in 2023 and included in contract liabilities as at 31 December 2022	Change for the period, in which right to contract consideration becomes unconditional	31 December 2023
Valuation of construction contracts	485 840	438 299	-	(485 840)	438 299
Assets from contracts with customers	**485 840**	**438 299**	**-**	**(485 840)**	**438 299**
Valuation of construction contracts	1 461 856	740 736	(480 339)	-	1 722 253
Liabilities from contracts with customers	**1 461 856**	**740 736**	**(480 339)**	**-**	**1 722 253**

	1 January 2022	Change in contracts valuation	Revenue recognised in 2022 and included in contract liabilities as at 31 December 2021	Change for the period, in which right to contract consideration becomes unconditional	31 December 2022
Valuation of construction contracts	699 701	485 840	-	(699 701)	485 840
Assets from contracts with customers	**699 701**	**485 840**	**-**	**(699 701)**	**485 840**
Valuation of construction contracts	1 563 706	353 659	(455 509)	-	1 461 856
Liabilities from contracts with customers	**1 563 706**	**353 659**	**(455 509)**	**-**	**1 461 856**

Outstanding performance obligations under contracts with customers

Total amount of transaction price allocated to performance obligations that remained unfulfilled (or partially unfulfilled) at the end of the reporting period, to be realised within:	31 December 2023	31 December 2022
- up to 1 year	7 289 690	7 175 113
- above 1 year	5 142 168	5 691 029
Total	**12 431 858**	**12 866 142**

29. Costs by type

	2023	2022
Depreciation/ amortization of which:	84 007	84 963
– property, plant and equipment (note 9)	*76 614*	*76 826*
– intangible assets (note 11)	*7 393*	*8 137*
Employee benefits (note 30)	1 218 979	1 161 047
Materials and energy	1 763 478	1 711 162
External services	4 264 641	3 713 575
Taxes and charges	11 483	10 189
Advertising and representation	10 497	6 558
Non-life (property) and life insurance	29 483	25 685
Change in the balance of provision for losses on construction contracts (note 24)	(33 039)	280 432
Other costs by type	481 461	65 770
Selling expenses (negative value)	**(13 379)**	**(13 396)**
Administrative expenses (negative value)	**(291 141)**	**(257 837)**
Change in the balance of finished goods and work in progress	-	-
Cost of goods produced for the entity's own needs (negative value)	-	-
Cost of finished goods and services sold	**7 526 470**	**6 788 148**
Cost of goods for resale and raw materials sold	3 038	1 417
Cost of finished goods and services, goods for resale and raw materials sold	**7 529 508**	**6 789 565**

(all amounts are expressed in PLN thousand, unless stated otherwise)

30. Cost of employee benefits

	2023	2022
Cost of salaries and wages, of which:	**1 012 039**	**973 035**
– retirement and pension benefits (note 22)	*1 542*	*1 396*
– share-based payments (note 36)	*(194)*	*1 142*
– termination benefits	*4 563*	*4 705*
Cost of social security surcharges and other allowances, of which:	**206 940**	**188 012**
– social security	*157 739*	*145 644*
Total cost of employee benefits recognised in costs by type (note 29)	**1 218 979**	**1 161 047**

31. Other operating income and other operating expenses

Other operating income	2023	2022
Gains on the sale of non-financial long-term assets	1 244	5 050
Reversal of impairment write-downs, of which against:	16 154	4 282
– receivables (following repayment of receivables by debtors) (note 15, 26)	*14 477*	*4 282*
– property, plant and equipment (as a result of sale) (note 16)	*1 677*	-
Reversal of provisions, of which for:	8 311	198
– litigation (note 23)	*8 311*	*122*
– penalties and sanctions (note 23)	-	*76*
Compensations awarded	27 367	35 068
Write-off of past due liabilities	2 444	5 048
Gains on derivative financial instruments (note 14.1)	42 454	2 602
Subsidies	456	255
Other	501	332
Total	**98 931**	**52 835**

Other operating expenses	2023	2022
Recognition of impairment write-downs, of which against:	21 178	20 731
– receivables (note 15, 26)	*21 178*	*20 731*
Creation of provisions, of which for:	4 415	10 715
– litigation (note 23)	*4 094*	*9 434*
– penalties and sanctions (note 23)	*321*	*1 281*
Compensations and liquidated damages paid	3 483	2 207
Court charges and executions, costs of legal proceedings	1 922	2 537
Donations given	1 280	1 945
Other	291	2 212
Total	**32 569**	**40 347**

(all amounts are expressed in PLN thousand, unless stated otherwise)

32. Finance income and finance costs

Finance income	**2023**	**2022**
Interest earned on financial instruments, of which:	179 237	109 962
– on bank deposits and cash at bank	*171 936*	*107 444*
– on loans granted (note 14.2)	*7 301*	*2 518*
Other interest income, of which:	4 782	4 673
– interest on received discount and penalty interest	*4 762*	*4 673*
– interest income from other tittles	*20*	-
Dividends and shares in profits	64 284	10 604
Foreign exchange gains	7 748	3 017
Other	23	23
Total	**256 074**	**128 279**

Finance costs	**2023**	**2022**
Interest expense in respect of financial instruments, of which:	5 259	4 669
– interest on lease contracts	*5 259*	*4 669*
Other interest expense, of which:	476	711
– default interest paid to suppliers and interest on discounts	*460*	*440*
– other interest	*16*	*271*
Impairment of shares in affiliates (note 13)	15 541	6 618
Discount on retentions for construction contracts (note 26)	9 516	7 512
Cost of bank commissions and guarantees	26 229	24 294
Other	51	160
Total	**57 072**	**43 964**

33. Earnings/ (loss) per share

Basic earnings/ (loss) per share

Basic earnings/ (loss) per share are calculated as the quotient of the net profit/ (loss) and the weighted average number of ordinary shares outstanding during the year (note 18).

	2023	**2022**
Net profit/ (loss)	749 569	459 539
Weighted average number of ordinary shares	25 530 098	25 530 098
Basic earnings / (loss) per share (in PLN per share)	**29.36**	**18.00**

Diluted earnings/ (loss) per share

Diluted earnings / (loss) per share were equal to the basic earnings per share for both periods because there were no dilutive instruments.

34. Dividend per share

On 5 June 2023, Budimex SA paid a dividend in the amount of PLN 459 286 thousand, i.e. PLN 17.99 gross per share, to which part of the separate net profit for the period from 1 January 2022 to 31 December 2022 was allocated. The remaining part of the net profit for 2022 in the amount of PLN 253 thousand was allocated to reserve capital (note 18).

Until the date of the preparation of these financial statements for the financial year ended 31 December 2023, the Management Board of Budimex SA had not passed a resolution on the recommendation for the distribution of profit for 2023.

(all amounts are expressed in PLN thousand, unless stated otherwise)

35. Statement of Cash Flows

Reconciliation of changes in balances from the statement of financial position to changes in balances in the statement of cash flows:

	2023	2022
Change in provisions and liabilities from retirement and similar benefits presented in the statement of financial position	**218 345**	**32 667**
Actuarial gains and losses	(1 712)	3 234
Change in provisions and liabilities from retirement and similar benefits presented in the statement of cash flows	**216 633**	**35 901**
Change in receivables and retentions presented in the statement of financial position	**(227 714)**	**245 056**
Change in investment receivables	1 194	(3 292)
Change in receivables and retentions presented in the statement of cash flows	**(226 520)**	**241 764**
Change in retentions for construction contracts and liabilities presented in the statement of financial position	**242 822**	**130 789**
Change in investment liabilities	(7 952)	14
Change in retentions for construction contracts and liabilities presented in the statement of cash flows	**234 870**	**130 803**
Change in income tax arising from the statement of financial position	**(39 996)**	**(55 161)**
Income tax in the profit and loss account	(151 435)	(84 403)
Deferred tax on actuarial gains and losses	325	(614)
Other	1	-
Income tax paid presented in the statement of cash flows	**(191 105)**	**(140 178)**

Other adjustments to the operating activities section of the statement of cash flows cover the following items:

	2023	2022
Cumulative translation differences (valuation of foreign operations)	(1 211)	466
Other	72	(42)
Total	**(1 139)**	**424**

Non-monetary transactions

In 2023, non-monetary transactions relating to investing and financing activities that were not reported in the statement of cash flows included increases in non-current assets due to acceptance into lease in the amount of PLN 40 942 thousand and the set-off of a loan granted to Budimex Slovakia s.r.o with liabilities to that company in the amount of PLN 468 thousand.

In 2022, non-monetary transactions concerning investing and financing activities that were not presented in the statement of cash flows included increases in non-current assets due to acceptance into lease in the amount of PLN 72 920 thousand, and the conversion of the Budimex Bau GmbH loan into shares in the amount of PLN 5 581 thousand.

36. Share-based payments

Ferrovial SE, the ultimate parent company, operates an incentive scheme of treasury share award, which is classified as a share-based payment transaction settled in equity.

According to this scheme, every year members of the Budimex SA Management Board and senior executives are granted free shares of Ferrovial SE, the final settlement of which takes place 3 years after the grant date and is subject to the following conditions:

- beneficiaries must be in employment at the company for the 3-year period after program institution date, except under defined exceptional circumstances,
- achievement in said period of certain set covenants as regards cash-flows and relation between gross operating profit and net production assets,

(all amounts are expressed in PLN thousand, unless stated otherwise)

- the required level of covenants to become eligible for the total or proportionate number of shares is set annually.

As at 31 December 2023 and as at 31 December 2022, the total fair value of services recorded under other reserves was PLN 7 171 thousand (note 18). As at 31 December 2023, the total fair value of services recorded under liabilities amounted to PLN 15 837 thousand, while as at 31 December 2022 – PLN 16 031 thousand.

Pursuant to an agreement concluded with the Ferrovial Group in 2014, Budimex SA undertook to cover scheme costs with respect to the tranche of the instruments granted in 2014 and in the subsequent years. Therefore, the fair value of employee services related to the instruments granted in the years 2014-2023 was classified as liabilities (with a corresponding expense item).

Detailed information on plan's vested shares is presented in the table below:

Year	Number of initially granted shares	Grant date	Fair value of 1 share at grant date	Financial covenants realization	Cost of shares granted
2023	19 850	15-02-2023	130.45	100%	(194)
2022	20 100	15-02-2022	111.06	100%	1 142

The cost of the shares granted in 2023 was calculated as 2/36th of the cost of shares awarded in 2020, 12/36th of the cost of shares awarded in 2021, 12/36th of the cost of shares awarded in 2022 and 10/36th of the cost of shares awarded in 2023.

The cost of the shares granted in 2022 was calculated as 2/36th of the cost of shares awarded in 2019, 12/36th of the cost of shares awarded in 2020, 12/36th of the cost of shares awarded in 2021 and 10/36th of the cost of shares awarded in 2022.

The three-year vesting period for the shares granted in 2020 ended in March 2023. As the conditions of the incentive program were satisfied, 12 635 shares in Ferrovial SE were formally transferred to the employees eligible to obtain shares from this tranche. The number of the actually transferred shares differs from the originally allocated amount due to subsequent employee-turnover related adjustments and the lower than assumed rate of achievement of specific financial results by Ferrovial SE.

37. Related party transactions

Transactions with related parties made in 2023 and 2022 and the resultant unsettled balances of receivables and liabilities as at 31 December 2023 and 31 December 2022 are presented below.

	Receivables		Liabilities	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Parent and its related parties (the Ferrovial Group)	-	-	33 028	24 850
Subsidiaries	34 638	83 163	15 225	23 884
Jointly controlled entities	14 549	14 948	660	736
Total	**49 187**	**98 111**	**48 913**	**49 470**

	Loans granted		Loans taken out	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Subsidiaries	107 236	83 802	-	-
Total	**107 236**	**83 802**	**-**	**-**

	Revenue from sale of finished goods and services and other operating income		Purchase of finished goods and services and other operating expenses	
	2023	2022	2023	2022
Parent and its related parties (the Ferrovial Group)	-	-	38 852	30 271
Subsidiaries	324 241	364 513	233 587	223 926
Associates	-	12	-	151
Jointly controlled entities	230	278	-	-
Other related entities*	-	1	-	-
Total related-party transactions	**324 471**	**364 804**	**272 439**	**254 348**

(all amounts are expressed in PLN thousand, unless stated otherwise)

	Finance income		Finance costs	
	2023	2022	2023	2022
Subsidiaries	71 684	13 122	-	-
Associates	53	-	-	-
Total related-party transactions	**71 737**	**13 122**	**-**	**-**

*) Other related entities are entities controlled, jointly controlled or entities, on which the key management person of the Company or his close family member exercises significant influence or has a significant number of votes at the shareholders' meeting of this entity.

Transactions with related entities were concluded at arm's length.

Included in the above table under "Parent and its related parties (the Ferrovial Group)" are the numerical data relating to transactions with the Ferrovial Group companies: Ferrovial Construcción SA and Ferrovial SE, which mainly relate to the purchase of services under the contracts described below and settlements of share-based payments.

In 2010, Budimex SA signed two agreements with Ferrovial Agroman SA (*currently* Ferrovial Construcción SA) under which Ferrovial renders to Budimex SA services relating to IT maintenance and development, and staff secondment. In connection with execution of these agreements, costs incurred by Budimex SA in 2023 were PLN 9 899 thousand and PLN 561 thousand, respectively, while in 2022 – PLN 7 648 thousand and PLN 585 thousand, respectively.

On 24 September 2019, Budimex SA concluded with Ferrovial Agroman SA a new license agreement with effect from 1 January 2018. Under this new agreement, Ferrovial Agroman SA granted to Budimex a license for industrial intangible assets that support the main business of Budimex SA in the area of all construction works and infrastructure management. In 2023, in connection with the execution of these agreements Budimex SA incurred costs of PLN 29 284 thousand, while in 2022 - PLN 25 746 thousand.

38. Emoluments of key members of management

Management Board

The total value of remuneration, bonuses and awards of the members of the Management Board of Budimex SA in 2023 amounted to PLN 13 822 thousand (of which, PLN 6 242 thousand represented performance bonus for completed tasks), of which PLN 12 401 thousand was charged to the costs of Budimex SA. The remaining amount of remuneration was charged to the costs of the subsidiary companies.

The total value of remuneration, bonuses and awards of members of the Management Board of Budimex SA in 2022 amounted to PLN 12 360 thousand (of which, PLN 5 014 thousand represented performance bonus for completed tasks), of which PLN 10 636 thousand was charged to the costs of Budimex SA. The remaining amount of remuneration was charged to the costs of subsidiary companies and the Ferrovial Group.

In addition, during the 12-month period ended 31 December 2023, the estimated costs of share-based payments in connection with Ferrovial SE's incentive programs related to the Company's Management Board amounted to PLN 1 128 thousand, of which PLN 1 122 thousand was charged to the costs of Budimex SA, and the difference was covered by the subsidiary companies. In 2022, the costs of share-based payments amounted to PLN 969 thousand, of which PLN 791 thousand was charged to the costs of Budimex SA, and the difference was covered by the subsidiary companies.

Remuneration for 2023

Management Board	Remuneration charged to Budimex SA	Performance bonus	Non-competition clause	Share-based payments under the Ferrovial SE's incentive schemes	Total
Artur Popko	1 581	2 355	-	436	**4 372**
Marcin Węgłowski	999	580	-	178	**1 757**
Jacek Daniewski	1 015	570	-	178	**1 763**
Anna Karyś-Sosińska	686	281	-	112	**1 079**
Maciej Olek	967	1 406	-	109	**2 482**
Cezary Łysenko	911	1 050	-	109	**2 070**
former Board Members:					
Artur Pielech	1 195	-	226	6	**1 427**
TOTAL	**7 354**	**6 242**	**226**	**1 128**	**14 950**

(all amounts are expressed in PLN thousand, unless stated otherwise)

The cost of share-based payments comprises: 2/36th of the cost of shares awarded in 2020, 12/36th of the cost of shares awarded in 2021, 12/36th of the cost of shares awarded in 2022 and 10/36th of the cost of shares awarded in 2023.

The three-year vesting period for the shares granted in 2020 ended in March 2023. As the conditions of the incentive program were satisfied, the shares in Ferrovial SE have been formally transferred. The number of shares actually transferred to the members of the Management Board of Budimex SA was as follows:

Artur Popko	1 533 shares
Marcin Węgłowski	862 shares
Jacek Daniewski	862 shares
Maciej Olek	383 shares
Cezary Łysenko	383 shares

Former Board Members:

Artur Pielech	830 shares

The market value of one share of Ferrovial SE at the actual transfer date was PLN 125.82.

Proxies

The total value of remuneration paid to proxies of Budimex SA in 2023 was PLN 1 555 thousand, while in 2022 - PLN 1 827 thousand.

Individual remuneration of proxies in 2023 was as follows:
Piotr Świecki PLN 1 555 thousand (until the date of resignation i.e. 31 October 2023).

In addition, apart from the amounts presented above, the estimated cost of share-based payments under Ferrovial SE's incentive programs allocated to the Company's proxy, Piotr Świecki, amounted to PLN 129 thousand.

Due to satisfying the incentive program conditions after the expiry of the three-year vesting period for the shares granted in 2020, Ferrovial SE formally transferred 630 shares to the proxy of Budimex SA, Piotr Świecki. The market value of one share of Ferrovial SE at the actual transfer date was PLN 125.82.

Supervisory Board

The total value of remuneration paid in 2023 to the members of Supervisory Board of Budimex SA amounted to PLN 2 138 thousand (PLN 2 089 thousand in 2022).

In 2023, remuneration of Supervisory Board members of Budimex SA was as follows:

Marek Michałowski	PLN 341 thousand	
Igor Chalupec	PLN 231 thousand	
Danuta Dąbrowska	PLN 266 thousand	
Janusz Dedo	PLN 245 thousand	
Ignacio Aitor Garcia Bilbao	PLN 231 thousand	
Mario Manuel Menendez Montoya	PLN 194 thousand	
Juan Ignacio Gastón Najarro	PLN 195 thousand	
Artur Kucharski	PLN 195 thousand	
Silvia Rodriguez Hueso	PLN 160 thousand	(from 18 May 2023)
Dariusz Blocher	PLN 80 thousand	(until 27 April 2023)

39. Advance payments, loans and borrowings, guarantees and sureties granted to Members of the Management or Supervisory Boards

As at 31 December 2023 and 31 December 2022, members of the Management or Supervisory Boards of the Company, their spouses, close relatives, in-laws to the second degree, adopted persons and adoptive parents, and other persons who are related to them in person did not have any outstanding loans or borrowings or guarantees issued by Budimex SA or its subsidiaries, jointly controlled entities or associates, and were not parties to other agreements obligating them to provide services to Budimex SA or its subsidiaries, jointly controlled entities or associates.

40. Leases

a) The characteristics of lease contracts concluded by the Company was described in note 19.2.

b) The cost of depreciation of right-of-use assets was disclosed in note 9 (under property, plant and equipment).

c) The cost of lease-related interest was disclosed in note 32.

d) The cost of short-term leases recognized in accordance with IFRS 16.6 amounted in 2023 to PLN 313 707 thousand and in 2022 to PLN 294 929 thousand.

e) The cost related to lease of low-value assets recognized in accordance with IFRS 16.6 amounted in 2023 to PLN 47 959 thousand and in 2022 to PLN 39 615 thousand.

f) The Company did not earn any revenues from the sub-lease of right-of-use assets.

g) The total lease-related cash outflow in 2023 amounted to PLN 423 106 thousand (including: PLN 56 181 thousand – principal part of instalments; PLN 5 259 thousand – interest part of instalments; PLN 361 666 thousand – payments for short-term leases and low-value assets recognised in cash flows from operating activities). The corresponding amounts in 2022 amounted to: PLN 402 437 thousand (including: PLN 63 224 thousand – principal part of instalments; PLN 4 669 thousand – interest part of instalments; PLN 334 544 thousand – payments for short-term leases and low-value assets recognised in cash flows from operating activities).

h) The Company did not make any sale and leaseback transactions both in 2023 and in 2022.

i) The carrying amount of right-of-use assets as at 31 December 2023 and 31 December 2022 analysed by class of the underlying assets and increases in the right-of-use assets was disclosed in note 9.

j) The portfolio of short-term leases to which the Company is obligated as at 31 December 2023 does not materially differ from the portfolio of short-term leases, to which the cost of short-term leases in point d) relates. However, the Company estimates that the amount of future payments to which it is obliged under short-term leases recognised in accordance with IFRS 16.6 may differ from that for 2023 due to the specific nature of the contracts being performed and the availability of own assets required for their performance.

k) Lease instalments paid by the Company are partially calculated based on variable interest rate (WIBOR/ EURIBOR, as appropriate). The analysis of sensitivity to interest rate fluctuations was disclosed in note 7.

l) According to the Company's estimates, it is not exposed to future cash outflows that would not be included in the valuation of lease liabilities.

41. Capital expenditure incurred and planned

Capital expenditures incurred in 2023, including the acceptance of fixed assets under lease, amounted to PLN 122 460 thousand, of which PLN 103 194 thousand represented the acquisition of non-financial long-term assets. In 2023, the Company incurred capital expenditures on environmental protection in the form of installation of photovoltaic panels in the amount of PLN 490 thousand.

In 2022, capital expenditures amounted to PLN 217 805 thousand, of which PLN 101 322 thousand represented the acquisition of non-financial long-term assets.

In 2024, the Company expects to make investment purchases in the amount of approximately PLN 70 000 thousand. The Company does not plan expenditure on environmental protection.

42. (Off-balance sheet) investment expenditure

As at 31 December 2023, contractual investment commitments amounted to PLN 11 136 thousand and mainly concerned the purchase of machinery and means of transport (as at 31 December 2022: PLN 2 740 thousand and related to the purchase of cars).

43. Events after the reporting date

Until the date of the authorization of these financial statements, no significant events that should be disclosed have occurred.

(all amounts are expressed in PLN thousand, unless stated otherwise)

44. Contingent assets and contingent liabilities

	31 December 2023	31 December 2022
1. Contingent assets	**798 050**	**756 409**
1.1. From related entities (affiliates)	1 456	1 816
- guarantees and sureties received	1 135	-
- bills of exchange received as security	321	1 816
1.2. From other entities	783 902	742 749
- guarantees and sureties received	700 377	667 792
- bills of exchange received as security	83 525	74 957
1.3. Other	12 692	11 844
- other contingent assets	12 692	11 844
2. Contingent liabilities	**4 975 908**	**4 999 271**
2.1. To related entities (affiliates)	422 681	444 413
- guarantees and sureties issued	422 681	444 413
2.2. To other entities	4 553 046	4 554 677
- guarantees and sureties issued	4 544 787	4 545 813
- bills of exchange issued as security	8 259	8 864
2.3. Other	181	181
- other contingent liabilities	181	181
Total contingent liabilities and assets	**(4 177 858)**	**(4 242 862)**

Contingent assets arising from received guarantees and sureties represent guarantees and sureties issued to the Company by banks or other entities as security for the Company's claims against contractors under executed construction contracts.

Contingent liabilities arising from issued guarantees and sureties comprise mainly guarantees and sureties issued by banks to the Company's contractors to secure their claims against the Company that may arise on the grounds of executed construction contracts. The banks are entitled to recourse claims against the Company under these guarantees and sureties. Guarantees issued to the Company's customers represent an alternative, to the retentions held, method of securing potential claims of the customers arising from the performance of construction contracts. At the same time, the risk relating to warranty repairs estimated by the Company's Management Board as probable was appropriately reflected in the warranty repair provisions, as described in note 5 to these financial statements.

The promissory notes issued represent security for the repayment of liabilities towards strategic suppliers of the Company, while bills of exchange received and recognised under contingent assets represent security for the payment of receivables due to the Company from its investors/ customers.

45. Employment structure

As at 31 December 2023 and 31 December 2022, the employment structure of Budimex SA was as follows

Employment group	31 December 2023	31 December 2022
White-collar employees	3 557	3 440
Blue-collar employees	1 560	1 636
Total	**5 117**	**5 076**

46. Information on the entity acting as a statutory auditor

On 24 March 2022, the Supervisory Board of Budimex SA adopted a resolution on the appointment of Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp.k. to review the interim financial statements of Budimex SA and the interim consolidated financial statements of the Budimex Group for the 6-month period of 2022 and 2023 and to audit the financial statements of Budimex SA and the consolidated financial statements of the Budimex Group for the financial years 2022-2023. Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp.k. audited the accounts of Budimex SA and the Budimex Group also for the financial years 2017-2021.

The contract for the review and audit of the 2022 - 2023 financial statements was concluded on 11 August 2022. The fee for the audit and review of the annual and half-year (interim) separate and consolidated financial statements for 2023 amounted to PLN 724 thousand (incl. fee for the audit and review of reporting packages for the Ferrovial Group purposes); the fee for the services for 2022 amounted to PLN 580 thousand (incl. fee for the audit and review of reporting packages for the Ferrovial Group purposes).

(all amounts are expressed in PLN thousand, unless stated otherwise)

The Audit Committee has issued its written consent for the provision of services of the review and audit of reporting packages for the Ferrovial Group, for assessment of the report on remuneration of the Management and Supervisory Boards and for the provision of assurance services in relation to selected GRI indicators included in the "Report on non-financial information of the Budimex Group for the year ended December 31, 2023" .The fee for the assessment of the report on remuneration of the Management and Supervisory Boards for 2023 amounted to PLN 34 thousand, and for 2022 – PLN 30 thousand. The fee for assurance services in relation to selected GRI indicators for 2023 amounted to PLN 86 thousand.

In 2022-2023, the audit firm *did not* provide any other services to the Group companies. An entity from the audit firm's network provided services in the form of open training for PLN 47 thousand in 2022; In 2023, no such services were provided.

47. Significant events with an impact on the Company's financial position

At the beginning of February 2023, the website of the National Prosecutor's Office published information about the arrests made and the investigation into the case concerning the participation of detained persons in an organized criminal group, money laundering, giving and accepting financial benefits while referring to influence in a local government institution and issuing and using fictitious VAT invoices.

Media information also shows that so far a total of 13 people have been detained as part of the ongoing proceedings, including two employees of FBSerwis SA: the President of the Management Board of FBSerwis SA and at the same time a member of the Management Board of Budimex SA and the Vice-President of the Management Board of FBSerwis SA.

According to the media, the proceedings concern irregularities in tenders organized by the Municipal Cleaning Company (MPO) in Warsaw in the field of waste disposal.

The employees of FBSerwis SA were subjected to a preventive measure in the form of temporary arrest for periods of 2 and 3 months, as a consequence, the Supervisory Board of FBSerwis SA decided to suspend the President of the Management Board of FBSerwis SA for a period of 2 months and the Vice-President of the Management Board of FBSerwis SA for a period of 3 months. The same decision was made by the Supervisory Board of Budimex SA in relation to the President of the Management Board of FBSerwis SA as a member of the Management Board of Budimex SA. Subsequently, both persons were dismissed from the Management Board of FBSerwis SA. FBSerwis SA also terminated their employment contracts. The President of the Management Board of FBSerwis SA was also dismissed from the Management Board of Budimex SA.

The analysis of the risk of the impact of conducting prosecutorial proceedings against natural persons on the Company shows that the fact of conducting the proceedings does not mean, in the current legal state, direct legal consequences for companies under the Act on the Liability of Collective Entities, in particular Budimex SA, which is not active in the field of waste management, to which the proceedings are related. The condition for the hypothetical liability of companies under this Act is a final judgment concerning a collective entity, which, as a rule, may only be issued after a previous final judgment against a natural person.

As regards the second group of risks (apart from the Act on Liability of Collective Entities), i.e. the Act on Public Procurement, according to the state of knowledge as at the date of preparation of these financial statements, the premises resulting in liability have not materialized.

In addition, in order to objectively explain the alleged irregularities, the Management Board of Budimex SA commissioned an external entity to conduct an independent investigation into this matter in the FBSerwis Group companies. As a result of the conducted explanatory activities, as at the date of preparation of these financial statements, internal control areas were identified that require strengthening in order to minimize the risk of irregularities in the future. The process is continued by the FBSerwis Group companies.

Taking into account the above assessments, the Company did not include any liabilities or provisions in the financial statements in relation to this matter. In the opinion of the Company's Management Board, the events that have occurred do not threaten the stability and credibility of Budimex SA and do not affect these financial statements in any way.

Warsaw, 8 April 2024

Artur Popko President of the Management Board	
Jacek Daniewski Member of the Management Board	

Anna Karyś-Sosińska Member of the Management Board	
Cezary Łysenko Member of the Management Board	
Maciej Olek Member of the Management Board	
Marcin Węgłowski Member of the Management Board	
Grzegorz Fąfara Chief Accountant	