

**Dear all,**

**Dear Investors and Customers,**

**Business and social partners,**

I am pleased to present the Budimex SA Annual Report for 2023.

In the previous year we continued our efforts to diversify our services and develop the company's offering in foreign markets. The chosen path brought the first benefits visible in our contractual and financial results.

Sales of Budimex SA in 2023 amounted to PLN 8.5 billion (+12.8% y/y), while recording an increase in both operating profitability (from 6.1 to 8.3%) and gross profitability (from 7.2 to 10.6%). Operating profit amounted to PLN 702 million against PLN 460 million in the previous year.

The return of the Budimex SA to the stock index WIG20 after a 20-year break serves as confirmation of its position on the domestic stock market. Joining this group is not only prestigious, but also presents new challenges and opportunities. We are convinced that our presence in the WIG20 stock index will grant us additional visibility to domestic and foreign investors. It is also a responsibility and obligation for the development of the Polish capital market and the economy, of which we are an important part.

The results achieved are primarily the result of more effective cost management, the expansion of the portfolio of construction contracts and the first gains from activity in foreign markets. The favourable weather conditions that allow for the smooth execution of investments have also contributed to these results. All this provides a strong basis for the effective utilisation of our production capacities over the next two years.

Operating profitability in 2023 amounted to 8.3% and was higher by 2.2% percentage points compared to the last year. The profitability improvement was made possible, among other things, by a diversified order book, which reached PLN 11.9 billion by the end of 2023, and the stabilisation of prices of key construction materials such as steel and asphalt. Profitability at the gross profit level was supported by the positive result achieved on financing activities from interest on bank deposits.

Construction and installation production in 2023 (at current prices) increased year-on-year basis by 15.4% from PLN 140 billion to PLN 162 billion. However, taking into account the inflation factor, real growth expressed in constant prices reached 5%. Last year, construction continued to be driven by ongoing road and rail contracts. Negative dynamics were recorded in large volume buildings.

At Budimex SA, we are the leader in terms of ongoing tender proceedings with bids pending for a total value of almost PLN 13 billion. Out of this total, more than PLN 7 billion relates to investments in foreign markets – mainly in the Czech Republic and Latvia. In addition, we recorded an increase in sales in most construction sectors on the domestic market.

In 2023, we acquired new contracts worth a total of PLN 7.5 billion, including the Zabierzów ring road, railway line 104 Chabówka-Rabka Zaryte, A1 Rusocin-Czerniewice motorway renovation, S8 Wrocław-Kłodzko section and other road and rail works, including the Tychy-Most Wisła section.

At the end of the previous year, Budimex SA, in a consortium with Eiffage Genie Civil and Rizzani de Eccher S.p.A., signed a contract for the first stage of construction of the Rail Baltica main railway line in Latvia. Its value is approximately EUR 200 million, with a total project budget estimated at around EUR 3.7 billion. It is a strategic investment for the region and a key project from the perspective of Budimex SA's competence development in the railway segment. It is also a symbolic opening of the company to the Central and Eastern European market. The implementation of this multi-year project will support the maintenance of the company's strong and geographically diverse order book.

The projects we were running in 2023 have been recognised and acknowledged by the industry. Planetarium in Chorzów was awarded the title of Modernisation of the Year 2023 in the 27th edition of the "Modernisation of the Year & Construction of the 21st Century competition". The contract carried out by the company between 2019 and 2022, was rated highest by the jury in the category of public buildings. In this year's edition of the "Construction of the Year" competition, organised by the Polish Association of Construction Engineers and Technicians, the "Construction Oscars" were awarded to the construction of Trasa Łagiewnicka in Krakow and the modernisation of the Institute of Thermal Engineering at the Warsaw University of Technology. Budimex SA was entrusted with the role of general contractor for both of these investments.

The construction market has very good development prospects. The releasing of funds from the National Reconstruction Programme and the Phoenix Programme will allow for a significant development and acceleration of investments in the railway and energy segments – important also in terms of safety and strengthening the country's potential, both economically and socially. Currently, however, the construction sector is growing more slowly than in previous years and is facing stagnation. This is a challenge, but above all an opportunity to implement a number of key and vitally needed regulatory and systemic changes to get the market moving again.

I would like to express my gratitude to the Management Board and Supervisory Board of Budimex SA, as well as to Investors and Customers – for your invaluable contribution to the development of the company. I would also like to express my thanks to the Employees of our Company – for their enormous commitment, daily efforts and motivation, which allows us to achieve very good results and build the potential of Budimex SA. The past year was full of many challenges, but more importantly, it brought ambitious undertakings and valuable experiences which will shape our organisation and business in the months and years to come.

Yours faithfully,

Artur Popko  
Chief Executive Officer  
Budimex SA